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FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY MARCH 16 1993

Tension mounts as North Korea warns of threat of war

North Korea, which faces international condemnation over its withdrawal from the nuclear Non-Proliferation treaty, yesterday heightened the tension hy saying that war with South Korea could hreak out "at any time". Ri Tcheul, North Korean ambassador to the UN in Geneva, said hullets and shells were being fired "towards our side" in US-South Korean military exercises. "If we respond to it, it will mean an all-out war".

Hoechst blast: One persoo died and another suffered serious hurns in an explosion and fire at Hoechst's chemicals plant near Frankfurt. It was the sixth accident Hoechst has suffered in less than a month. Page 20; A troublesome brew, Page 29

VW shares fall after GM chief shuns job



Shares in German carmaker Volkswagen fell DM7.30 to DM285.50 (\$172) on the Frankfurt stock exchange amid uncertainty over the company's attempt to peach key executive J. Ignacio Lopez de Arriortua (left) from General Motors of

UK tax rises likely: A sharp rise in UK manufacturing production provides a favourable background for today's Budget, which is expected to include higher taxes to curb the growing fiscal deficit. Page 10

Yeltsin plans plebiscites Russian president Boris Yeltsin said his parliamentary opponents were seeking to restore communist rule and his aides signalled that he planned to secure popular support in a plehiscite. Page 20

UN's chief promised aids The commander of UN forces in Bosnia, General Philippe Morillon, was promised aid for the besieged Moslem town of Srehrenica after talks with Serh leaders.

Poland's tough abortion policy: After pressure from the Roman Catholic church, a strict anti-abortion law will today replace Poland's liberal legislation.

Bombay bombs defused: Two 20kg bombs were defused in Bombay as india's commercial capital went back to work three days after a series of hlasts killed 250 people.

Banks warned: Five of Indonesia's six largest banks reported higher pre-tax profits for 1992, although bankers warn the sector remains poorly regulated and burdened by non-performing debt.

EC may hit back: The European Commission is considering retaliation in response to the likely US decision next Monday to bar European companies from winning certain federal contracts in telecommunications and power generation.

Fears for China economy: Chinese prime minister Li Peng called for quicker reform of the country's economy, which grew by almost 13 per cent last year and prompted fears of over-

Early Australian republic ruled out: Australia's re-elected Labor prime minister, Paul Keating, ruled out abolition of the monarchy until after the next federal election, due in 1996.

Salvadoran amnesty: El Salvador'a president Alfredo Cristiani has proposed an amnesty for military officers blamed by the United Nations for atrocities during the country's 10-year civil war. Page 6

HSBC Holdings, parent of Hongkong & Shanghai Banking Corporation, which acquired Midland Bank of the UK in July, reported a 94 per cent rise in 1992 pre-tax profits to £1.7bn (\$2.44hn). Page 21; Details, Page 28; Lex,

Insurer demands talks: Union des Assurances de Paris, France's largest insurance group, called on French holding company Suez to reopen negotia tions about the future of French insurer Victoire and its German subsidiary, Colonia. Page 20

Rinône-Poulenc Rorer, pharmaceuticals unit of France's largest chemicals group, plans to huy np to 5m of its own shares to support their flagging price. Page 20

STOCK MARKET IND	CES	- ST	erlu(<u> </u>
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Denmark OKr15 Italy L2700 Oman OR125
Groyt ECA.50 Jordan J01.50 Pakistan Rh300 Or1.50
France FFr6.50 Kusrat Fila.000 Poland Z122.000 Turkey L7000
Germany DM3.30 Lebanon US\$1.25 Portsyst E2.20 UAE Dh11.00

Amato says Italy faces north-south break-up

Editor, In London

MR GIULIANO AMATO, the Italian prime minister, yesterday said his country faced the risk of a hreak-up between north and south unless it made urgent changes to its electoral laws.

Mr Ameto coupled his warning of possible secesaion with a strong call for establishment of a new political class to steer the country out of its crisis over corruption.

Speaking at the London School of Economics, Mr Amato said revelations of widespread illicit financing in husiness and politics gave Italy no choice hut to "renew its ruling class".

If elections were held now under the proportional electoral system, dissatisfaction with established parties would lead to "the inevitable success of extremist parties". The rightwing Lombard

League, which favours detaching the prosperous north from the poor south, would probably he the strongest party in parliament, Mr Amato said. "If we can change the system

towards the smallest amount of proportional representation that Italians are capable of introducing, then the danger [of fragmentation] would be smaller," Mr Amato said. Italians vote in a national refer-endum on April 18 on a series of

constitutional issues, including reforming the electoral system. The outcome is expected to increase pressure for an early Mr Amato, who has already

announced his prospective retire-ment from politics, spelt out his vision of a "peaceful revolution" throughout Italy's ruling elite. His eight-month old coalition

has been at the centre of the political storm. Several ministers have been among more than 1,000 politicians, husinessmen and officials implicated in the scandals.

By Halg Simonian in Milan

OLIVETTI, the Italian computers

and office equipment group, yes-terday announced a L903hn (\$561m) rights issue and said it

would report a sharply increased net loss of about La50bn for 1992. The cash, to be raised through new shares and convertible

bonds, will be used for expansion,

note hly in the increasingly linked areas of information tech-nology and telecommunications.

"In the ehort term, the money will be used to bring debt down to zero", said Mr Carlo De Bene-detti, Olivetti's chairman, whose

listed CIR holding company con-

trols the group.
"But we want to use the funds to accelerate Olivetti's develop-

ment into new areas", he added

yesterday. Last week, Olivetti

took a stake in EO, a Silicon Val-

ley start-up company marketing "personal communicators" -

pocket telephones with inhuilt

fax and computing capabilities. Olivettl'a 1992 loss, to he announced officially in May, will

be nearly 50 per cent larger than the L460bn lost in 1991. Sales fell

by 6.8 per cent to L8,020bn and

operating losses surged to L230ho from L28bn.

At the year-end, Olivetti's net debt stood at L960bn. The divi-

dend will be omitted again, Mr

Mr De Benedetti said Olivetti

faced further heavy restructuring

De Benedetti said.

Olivetti, deeper in

loss, seeks \$561m

the small Liberal party, yesterday became the third head of an Italian political party to be

Milan magistreles seld Mr Alliesimo hed heen served notice that he was under investigation for alleged corruption. He was one of at least seven new pertiamentariene served

with such notices yesterday. The Liberals, with the Social Democrats, are the two junior partners in the four party coalition government. Until now the party has been little affected by the wave of corruption scandals.

As the scale of corruption unearthed during the last few weeks has iocreased, expectations of the future make-up of the Italian political system had "changed totally", Mr Amato

The aim in coming months was to "get new people out of the professions - ordinary citizens into parliament, because the old people will not be acceptable any more," he said. Speaking of the Christian Dem-

ocrat and Socialist parties at the centre of scandals, Mr Amato said, "I don't expect these parties to be players in the new game. I don't expect these men [the par-ties' present leaders] to be leading figures in the new system."

Answering questions after his lecture on "Italy and Europe: The Rules of Cheos", Mr Amato question about whether he could have intervened earlier.

Although Italians had heen aware for years that political parties' financial resources exceeded legal limits, "very few people" were aware of the sheer size of the illegal funding, he said.

L250bn this year, when the group is planning to shed a further

3.500 workers. The amount set

aside for extraordinary costs and

included money provided for in 1991, Mr De Benedetti said.

He said the rights issue, priced at the shares' nominal value of

L1,000, indicated Olivetti's deter-

minatioo to survive. CIR would

subscribe its full quota, costing

Shareholders will be offered six

ordinary shares for every four

shares, of whatever category, now held. Shareholders may sub-

scribe to at least half their enti-

tlement in the form of new equity, and the remainder as six-year convertible bonds.

The bonds, to be issued at the

nominal price of L1,000 each, will

pay interest of between 6 per cent and 8 per ceot, and ha inter-changeable with the new shares.

The precise interest rate will be

Mr George Verghese, European

electronics analyst at Deutsche Bank in London said: "It's beeo

timed very cleverly. The question is whether you want to invest in

the computer industry. There are

signs of recovery, but the ques-

set at the time of the issue.

about L300bn.

Italy's corruption scandal,



Romanians beseige the Argentinian embassy in Bucharest after Argentina announced it was issuing visas. Nearly a quarter of a millioo Romanians have emigrated to various countries since exit cootrols were lifted following the overthrow of hardline communist rule in 198

BA wins approval for USAir link-up

By George Graham In Washington, Nikki Talt In New York and Danny Green

THE US gave temporary approval yesterday to British Airways' plans for a partnership with USAir but demanded that Londoo and Washington renegotiate their aviation treety to to British airports.
Mr Federico Peña, US transpor-

tation secretary, agreed to BA's request for "code-sharing" with USAir, which the two carriers hope will create a "seamless ser-vice" by listing USAir's US flights and BA's transatiantic flights under the same codes in computer bookings systems.

He also approved plans for USAir to lease aircraft and crews to BA for London-Baltimore and London-Pittshurgh flights, hnt not for London-Charlotte.

Mr Peñe said BA's initial \$300m investment in USAir did not hreach US laws restricting foreign ownership of US airlines to 25 per cent, hnt that the second and third phases of the proposed deal, under which BA would invest a further \$450m, could not be completed unless the US Congress changed the law oo foreign ownership.
This, he hoped, would provide restructuring cherges fell to L260bn in 1992 from L338bn in 1991, but the actual figure spent last year was L170bn higher, as it

the incentive for the UK to renegotiate the Bermuda 2 treaty. "If Congress doesn't act, British Airways will have invested \$300m and cannot proceed further. That is the hook," Mr Peña said. He said he would review the deal in

The "big three" US carriers -American, United and Delta -which lobbled against the codesharing arrangement, reacted to the announcement with "disappointment and puzzlement".
"There's not a bit of it which
makes any policy sense," said

British Airways welcomed Mr Peña's statement, saying it would begin the ende-sharing arrangement to three US cities -Cleveland, Syracuse and Roches-ter – on May 1, as previously announced.

Sir Colin Marshall, BA's chairman, said he was delighted that passengers would be able to fly more easily between airports on the two airlines' networks.

Mr Peña said that, although he

did not like the terms of the Bermuda 2 treaty between the UK and the US, the US could not

Continued on Page 20

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® THE FINANCIAL TIMES LIMITED 1993 No 32,014 Week No 11 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Hang Seng falls 5% as Li Peng launches attack

By Simon Holberton in Hong Kong, Tony Walker in Beijing end Philip Siephens in London

SHARE PRICES in Hong Kong slid by more than 5 per cent yes-terday after Mr Li Peng, the Chinese premier, accused Mr Chris Patten, Hong Kong's governor. and the British government of "perfidiously" dishonouring agreements on the colony's transition to Chinese rule in 1997.

Mr Ll, addressing the opening session of Chioa's parliament, and made one of the sternest attacks yet by a Chinese leader since relations deteriorated last year after Mr Patten disclosed plans to extend Hong Kong's democratic reforms.

The speech followed the publicatioo on Friday of Mr Patten's legislation to enact these reforms. Beijing's reaction hampers any early resumption of talks oo the colony's future, and remained willing to bold "uncon-

from an increasingly nervous iocal husiness community. The Hang Seng index fell

315.79, or 5.1 per cent, to close at 5.854.61, leaving it a full 10 per cent below its peak, reached a Senior husiness leaders cailed

for calm. Sir William Purves, chairman of HSBC Holdings, the owner of Hongkong Bank and of Midland Bank of the UK, said he remained optimistic about Hong Kong's future in spite of the colony and China. He warned, however, that domestic husiness confidence

could be affected and that foreign investors might be "frightened off" if the row dragged on. "I very much hope that [Britalo aod Chinal can sit down and devise a way forward for the 1995 elections," he said.

Britain stressed that it

ditional" talks with Beijing on Its plans for political reform in Hong

But in an otherwise conciliatory statement in the House of Commoos, Mr Douglas Hurd, foreign secretary, insisted that the London government would not accept the downgrading of Hong Kong's role in any negotiations. Speaking with the overwhelming support of MPs from all the main parties. Mr Hurd stressed there was still time for talks with Bei-Jing to modify Mr Patten's plans.

rejected a charge by Mr Ll that Mr Patten's proposals were in cootravention of the Basic Law governing Hong Kong's future. Referring to Beijing's demand that the status of Hoog Kong officlais in any talks be downgraded, he said: "The implication of that

Continued oo Page 20 Call for rapid reform revives fears of overheating. Page 8

When you know your worth



The sign of excellence

support of Yeltsin

David Buchan in Paris and Charles Leadbeater in Tokyo

CHANCELLOR Helmut Kohl of Germany yesterday issued a ringing endorsement of Russian President Boris Yeltsln, warning that not only his domestic reform policy but the entire process of peaceful international co-operation was tbreatened by the polltical backlash in Moscow.

in a statement on political developments in Russia, Mr Kohl declared that the reforms pursued by Mr Yeltsin and his government were in the interests not only of Russia and its people, hut also of all other countries, shove all Germany. "I therefore emphatically endorse this process," he

President François Mitterrand of France will be carrying a similar message of support for Mr Yeltsin when he arrives in Moscow today. The visit will be "a chance for the French president to reaffirm bow strongly France wants Russia to recover its balance", an Elysée spokesman said.

in his statement, Mr Kohi said: "President Yeltsin and the political groups which support him, striving for democracy and the rule of law, a market economy and not least, a policy of peaceful co-operation

Mr Yuli Vorontsov, the Russian ambassador to the United Nations and a senior adviser to President Boris Yeltsin, yesterday urged the G7 nations to provide "a programme of sustained assistance" in order to shore up Mr Yeltsin's economic reforms, Alan Friedman writes from New York.

Mr Vorontsov, who made his remarks during a news conference at the New York Federal Reserve Bank, said: "The Russian people need to see that the west is still interested in a transition

Mr Gerald Corrigan, president of the New York Fed, announced yesterday that the Rosslan-American Bankers' Forum, a joint programme with nearly 88m of 1993 funding, would host an eight-week programme this summer in the US that would train 250 middle and senior-level officials of Russian commercial banks in all aspects of banking and finance.

forces which want to stop the relations to be developed in reform process in Russia." Aithough Germany had reached tha limits of its financial capacity to support Russia, the debate within the G7 ovar further ways of providing eco-nomic assistance "underlines the importance the western countries attach to the continuation of the reform process,"

The German government also attached vital importance to its bilateral relations with Russia, he added, in a statement which could be clearly aeen as a direct warning to Mr Yeltsin's opponents in the Russian Congress of Depu-

"Russia and Germany today enjoy relations which are free of tension, trusting and friendly. This is due in good with the world community, are measure to the achievements increasingly threatened by of Boris Yeltsin. We want these

mutual interest and trust, so that s free, democratic Russia,

based on s market economy,

remains a peaceful, calculable

and stable partnar both for

Germany and for all our neigh-

bouring states." Meanwhile, Japan seems set for a clash with the US, France and Germany over its opposi-tion to an emergency summit to sanction further aid to Russia. The Japanese government is opposed to a summit meet-ing to consider the issue even though a meeting of G7 officials in Hong Kong over the weekend agreed to consider plans for further aid.

Japan insists it cannot consider further aid until Russia accepts Japan's claim to sovereignty over the four islands off the northern tip of Japan known as the northern territo-

Kohl speaks out in Russian compromise fades away

By John Lloyd in Moscow and Andrew Gowers In London

PT IS now clear that Mr Boris Yeltsin means to fight for supremacy. The president, say his advisers, has coocluded that no further compromises are possible with his hardline opponents in the Congress of People's Deputies, and that he will strive, within coostitu-tional limits, to beat them.

As Mr Yegor Gaidar, the former premier and now a key presidential aide, said yesterday: "The result of the Congress was to show that the policy of compromise has more or less reached its limit."

Mr Anatoly Chubais, the privatisation minister who was singled out for personal attack in the Congress session that ended oo Saturday, agreed. Speaking in Loodon yesterday during an official visit, he said the Congress had "destroyed the balance of power" in Russia, and that the president's response would be "strong and active, within the framework of existing laws".

The tactic now being considered by the president is to pro-ceed to a plebiscite which, his advisers believe, he can do within the law on referendums. They say this law allows a poll of the population through the initiative of the citizens them-selves, through the collection of 1m signatures. This plebiscite, likely to ask whether the people wish to see the presideot or the parliament in control of policy and perhaps also if they wish to see private own-



as usual: a Russian man speaking to an adviser at the Moscow privatisation centre resterday when, despite the continuing political crisis, 1m shares in tha Zil car factory were put on sale to the public at more than 100 locations. The sign in the background reads "Privatisation"

ers to ensure fair play. At the same time, according to Mr Gaidar, the president may wish to secure support from the centre hy appointing to the cabinet figures from the centre of polltics - in particular from the Civic Union bloc, which includes the Russian Union of Industrialists,

other forces.

That support from this quar-ter is still possible for Mr Yeltsin was underscored by Mr Oleg Rumyantsev, the young deputy who is secretary of the constitutional commission of parliament and leader of the Social Democratic Centre party. Noting that "one main

skoi's Free Russia party and was that the centre did not make their views known", he said that "the solution to the deepening political crisis can only be found with the invoivement of tha centre forces".

In contrast to the veiled threats hy Mr Yeltsin to take special measures to enforce his rule, most aides are anxious to

that they would be arrested in the Kremlin. That is not the president's decision; he will take the legal course."

prote

The parliamentary leadership, for its part, is certain that a referendum cannot be undertaken constitutionally. Mr Nikolai Ryabov, the first deputy chairman of parliament who in a speech on the second day of Congress last week unequivocally demoted Mr Yeltsin to second place after the parliament, said fiatly at the weekend that "any move to a referendum which involves spending state funds must be regulated by law and needs to

get parliamentary consent". However, the constitutionality of the parliament'a behavlour will now be challenged in the Constitutional Court A group of 57 deputies from the pro-presidential Damocratic Russia bloc yesterday published a statement disputing whether the decisions taken last week, and at the Seventh Congress in December, were

The terrain of the struggle is the constitution but the prize is raw power, and the right to-conduct reform. Mr Chubais said a positive result in the proposed referendum would be the start of a process leading to new elections and the adoption of a new constitution. On the other hand, he warned, if Mr Yeltsin's parliamentary opponents retain the upper hand, "at the next Congress [scheduled for Junel, we will lose the

Brussels to seek fresh impetus for growth package

By Lionel Barber in Brussels

THE European Commission is considering fresh measures to stimulate growth because the response from EC member states remains inadequate, Mr Henning Christopbersen, economics commissioner, sald

Mr Christophersen said after a meeting of EC finance ministers in Brussels that the Commissioo may put forward new ideas on promoting investment and job creation at the EC summit in Copenhagen in June. "More needs to be done,"

The Danish presidency of the EC has called for a "jumbo" meeting of finance ministers from the Tweive and the six members of the European Free Trade Area on April 19 in Luxembourg. The aim is to hitch a pan-European effort to the US recovery in an effort to stem rising unemployment which is undermining public confidence

But only five states - Spain, Germany, Ireland, Portugal, and Denmark - have put plans to the Commission to bolster

clals said yesterday that they looked forward to the UK coo-

tribution in today's budget.
At the meeting in Brussels, finance ministers hailed the long-awaited solidarity pact between the central government and Lander to finance German unification. "It will pave the way for lower interest rates not just in Germany but also in the rest of the EC," said Mr Christophersen. Lower Ger-man interest rates are vital if the EC is to attain the 3 per cent growth needed to halt unemployment, expected to

rise to 17m in the EC this year. The EC growth initiative combines a modest Community effort to promote lending to small and medium-sized companies through a new European investment fund and greater flexibility in European investment Bank lending for infrastructure. But the main burden lies in supply-side measures by member states.

Separately, EC member states approved an amhitious convergence programme pnt forward by the Greek government.

French general meets Serbs to end aid deadlock

By Robert Mauthner, Diplomatic Editor

GENERAL Philippe Morillon, the French commander of United Nations forces in Bosnia, left Srebrenica in eastern Bosnis yesterday for talks with the Bosnian Serb military aid to the besleged town.

gesture of solidarity with its

thousands of suffering people, went to meet Geoeral Ratko Mladic, the Serb commander, near Bratunac, a Serb-held township some 15km away. He reportedly said after the talks that he boped to get aid to Srehrenica today. It was not immediately clear when Gen Morillon would return there. until international aid convovs

of the town. The Serbs have

not permit relief supplies to be delivered until Gen Morillon bad left Srebrenica, where soma 1.500 refngees are camped.

In an interview via amateur radio with Reuters television in Zagreb, Gen Morillon said

"I am in Srebrenica because I decided to remain (ontil) every condition of the survival this population is achieved," he said.

"The situation is naturally very, very difficult and that is the reason I will press for the opening of air and road corridors to be agreed as a first

Serbs would shell them if the UN commander abandoned pletely; be became a man with a mission," the ABC network reporter said in a radio broadcast at the weekend.

"He told me the suffaring that ha has witnessed here is about the worst he has ever

yesterday that it aupported Gen Morillon'a action in Srebrenica and that it was in line with UN Security Council resolutions on the safe passage of humanitarian aid to zones of

conflict in Bosnia. However, the UN secretariat's backing for Gen Morillon, appears to be more lukewarm.

The UN supports him "through gritted teeth", a diplomat said, stressing that the French commander waa known as "something of a

While recognising the genuine humanitarian motives behind the general's action, it is feared that he may in the end do more harm than good by provoking the Serbs.

Bundesbank backs deal on solidarity pact

By Quentin Peal in Bonn

rise in public sector borrowing.

Mr Hilmar Kopper, chief executive of Deutsche Bank, believed the central bank would not be entirely satisfied. but would continue to relax its mone-

The deal is expected to provide a substantial increase in funds for invest-

Recent turbuleoce in the European monetary system has resulted in a sounder, LEADING figures in Germany's more realistic exchange rate structure, Mr Helmut Schlesinger, president of the banking community and members of Bundesbank claimed yesterday, Christopher Parkes writes from Frankfurt. It was a mistake to interpret events of the past few months as a dramatic setback for the EMS, he added.

It was also wrong to expect hard currency countries to direct their interest rate policies primarily towards maintaining exchange rate stability. That could lead the RMS into an "inflationary cul de sac", he said in a lecture in Milan. He also spoke out against changing the rules of the exchange rate mechanism.

modernisation programme from DM30bo (\$18bn) to DM60bn.

budget in Bonn, and the central government will also assume responsibility for servicing DM3ibn in outstanding debts oo the east German housing stock. The costs are all likely to add to the governmeet's net borrowing requirement in

borrowing in the current year is almost inevitable, because of an agreement to provide an extra DM2bn for job creation

ment from DM51bn to DM53bn. However, the Finance Ministry in Bonn said yesterday that no figure had been put on the increase in the borrowing limit of the Treuhand privatisation

be raised by DM30bn. A spokesman for the ministry said it was intended to keep the borrowing increase of the DMSbn per year for 1993 and 1994, on top of the DM30bn per year it is cur-

vide the five eastern states with of the central government, and DM4.9hn

from the western states. Thursday amid continuing market speculation about the likelihood of further

final decision on whether to introduce the controversial energy tax proposed by Brusseis to stabilise carbon dioxide Their proprietorial move came as the current Danish

presidency of the EC confirmed it was calling a special meeting of environment and energy ministers on April 23 to try to and the EC's overall emissions strategy. There are still serious reser-

vations among the Twefve about how the tax - which conditional on the EC's main trading partners following suit.

The finance ministers yester-

clear what was planned by the EC's other main competitors, such as Japan

MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS **DEPARTMENT OF COUNTRY RDADS**

AXES CORDNEL DVIEDD - MBUTUY AND CONCEPCION -PEDRO JUAN CABALLERO LOAN AGREEMENTS Nos. 694/0C-PR AND 891/SF-PR

PREQUALIFICATION OF CONSTRUCTION COMPANIES The Ministry of Public Works and Communications of the Republic of Paraguay invites Contractor Firms or Consortia of Contractor Firms of the Intel American Development Bank (BID) countries that specialize in Road Construction Work to present prequalification proposals relating to the hiring of Contractor Firms or Joint Ventures Firms to carry out the work of Reconstruction and Improvement of the Country Roads included in the subject Project, to be financed partially by the Inter American

The sub-project comprises the constructions of approximately 438 Kilometers of roads consisting, in summary, of the construction of:

Gravel surfacing of roadway

Wooden bridges Reinforced concrete tube culverts Vertical roadsigns

Surfacing of road drains and energy dissipaters minimum of 75 points out of a possible total of 100. Details at the qualification system are set forth in the Specification of Bases and

It is expected that the first bld, comprising 160 Kms, will be called in the the same year with an estimated term of completion of 20 months. Bids for the rest of the work will be called during the first semester of semester of the said year and with an estimated term of completion of

The Specifications of Bases and Conditions may be obtained from the Administrative and Accounting Unit of the Country Road Department located at Oliva and Alberdi Streets, MOPC Building, 2nd Floor, One Hundred Thousand Guatenies to be deposited in Account No. 490

Road Department up to 10.00 hours of the May 11, 1993, of the above entioned Department.

REPUBLIC OF PARAGUAY

PROJECT FOR CONSOLIDATION OF RURAL COLONIES IN THE

Development Bank through Loan Agreements Nos. 894/OC-PR end

Therefore, financing of the Works are subject to the conditions of the

In order to quality, the Firms or Consortia of Firms must obtain a

month of July, 1993, and work expected to commence in December of 1994, astimating that construction will commence in the second

Asunción, Paraguay, by formal application and payment of (Gs.100,000) "Otros Recursos", at the Central Bank of Paraguay, from March 16 of the

Proposals shall be received at the Secretarial Section of the Country

Earlier reports by a US TV reporter said Gen Morillon inicommander aimed at bringing just before leaving for his talks with Gen Mladic that he had asked for this meeting "to He had promised not to leave According to amateur radio tially had been prevented from reports, the flamboyant genwere allowed by Serb militias prove that f am absolutely free leaving Srebrenica by Moslem to bring relief to the hungry, wounded and sick inhabitants eral, who has set up a comrefugees who feared that the in my movements".

the Bundesbank council yesterday welcomed the cross-party agreement on finance for a solidarity pact for east Germany, in spite of concern about a

Mr Reimut Jochimsen, president of the state central bank in North Rhine-Westphalia, and a leading Bundesbank council member, described the deal as a great success. He greeted it with "great relief", while stressing that many of the figures had yet to be agreed in detail.

tary policy.

adapt to monetary union.

They have only a vague idea

idea of when and how union

will come about and only

rough estimates of the time

and cost of the changes - run-

ning as high as FFr1.5bn

(\$.26bn) per bank over at least

two years, end possibly as

many as five.

There will be upheaval on

the European currency mar-

kets immediately prior to the

fixing of exchange rates. That

will be followed hy intense

international competition,

which will see weaker banks

going out of business as cor-

porate and private customers

take advantage of the single

currency to seek the keenest prices and best services across

frontiers. Trading between

European currencies will then

tail off, to be succeeded hy

more active, and hence riskier,

trading between the European

currency, tha dollar and the

That is the alarming picture

in a study published today by

the Paris office of KPMG Peat

Marwick Consultants after

interviews with more than 50

leading European Community

banks - one of the most

detailed assessments yet of the

practical impact of monetary

union. "There is real danger

of the hanking industry

being harmsd if the uncer-

tainty... continues." warns the

report, which calls on govern-

ments to agree a firm date for

ment in east German industry, and double the money available for a housing

interest payments on the credit will be directly subsidised by the federal

the next three years. A further rise in schemes, pushing up the 1993 borrowing requirement of the central govern-

agency, reported at the weekend also to

rently allowed to horrow. The axtra money is intended both for restructur ing "core industries" which cannot immediately be sold, and for cleaning up the ecological damage caused by the old industries. Overall, the solidarity pact will pro-DM55.8bn from 1995 to finance their

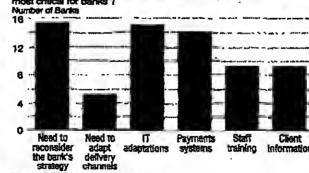
running costs, DM51bn at the expense The Bundesbank council meets on

interest rate cuts. Editorial Comment, page 19

Banks fail to face brave new world

A reports says European banking is ill-prepared for Emu, writes William Dawkins

OST European Com-**Banking on Emu** munity banks are dangerously unpre-Question: which challenges brought about by Emu are seen as the pared for the husiness and technical changes required to



monetary union and decide bow it is to come about. Most EC banks reckon that full monetary union will happen, but not until 1999 or later, in any case well after the Maastricht treaty timetable. They assume it will start with an inner core of countries, based on Germany, France and the Benelux trio and that national curreccies will run in parallel with the single European currency for a while. This twin system will be more costly to banks, retailers and businesses than a straight switch. But bankers think politicians will want a twin-track

to reassure the public. Broadly, monetary union will sharply accelerate the greater integration of European banking and the crossborder alliances between banks already under way.

transition with two currencies

departments will be the hardest hit. Their revenues will fall sharply with the expected decline in trading hetween European currencies.

Banks, including cootinental ones, expect a treod towards centralised currency trading in London in the aftermath of union. That is irrespective of whether or not Britain rejoins the EMS and is because of lower UK taxes and the relative ease with which underperforming traders can be fired, thanks to Britain's opt-out of the Maastricht treaty's social chapter, says the survey. Retail banking will be the

next hardest hit by increased competition, with a fall in profits as market inefficiencies are exposed. Banks are expecting to concentrate oo selling existing products, especially plastic cards, to new foreign clients, rather than developing new In detail, banks' currency products in this high-risk envi-

income from the declining need for travellers' chequea and exchange services. They know heavy investment in cross-horder payments for amali transactions will be needed, but believe this will cut operating costs in the medium to long term, says the

ronment. Retail banks will lose

Competition will also intensify in corporate banking, where the ease with which cus-tomers will be able to compare pricing acrosa Europe will make it harder for individual banks to persuade business customers that they offer special value. As in retail banking, customers will demand better interna-

tional payment systems. One practical hurdle here is how to reconcile the high-speed payments systems practised in continental Europe, where data only is exchanged between banks, with the UK aystem whera hanks physically exchange payment instruments. Bankers say they want a single European payment mechanism for large commer-cial transactions, in contrast to the several that today exist alongside Swift, the dominant Belgian-based payment system.

Investment banking will be less affected, since services such as mergers, buy-outs and project finance are more linked to general European integration than to the detail of monetary union, However, a successfui and solid single European currency could help attract more cash to European equities. Monetary union will

boost moves towards a single European equity trading sys-tem by making it easier for bnyers and sellers to compare ahare prices in different community atock markets, says the study.

experienced an npheaval like this in recent memory, and are finding it hard to identify exactly where the main costs will arise. The biggest cost will probably he changing computer syatams for handling pay-

ments, customer information

automatic cash machines and

- for retailars - redesigning

European banks have not

point of sale terminals. Banks also expect to spend more on training. Beyond that, the nearest par-allel is the upheaval British hanks experienced with the introduction of decimal coinage in 1971. Barclays alone purchased £10.5m of bronze coins, weighing 3,500 tonnes and shifted them to 1,000 storage centres before distribution to branches on the change-over

More recently UK banks took six months to phase in a new £10 note. European monetary union will be on an awesomely different scale.

day. That exercise took two

Consequences of Ecu/Emu: Survey of the European Banking Industry, Ecu3,000 from Michel Demont, partner in charge of the financial sector, KPMG Peat Marwick Consultants (for the European Financial Management and Marketing Association) Tour Fiat, Cedex 16, 92084 Paris La Défense.

tax move

By David Gardner in Brussels

EUROPEAN Community finance ministers yesterday reserved the right to make the

break the logiam on the tax

...

traisu)

would rise to the equivalent of \$10 a barrel of oil by 2000 - would work. But introducing It at all has been made day said they were encouraged by the recent US proposal to introduce a fuel tax, but emphasised it was still not

Denmark is nevertheless still hoping a decision can be reached at June's meeting of finance ministers.

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Credit

A GOVERNMENT proposal to allow Canada's Export Devel-opment Corporation to enter the domestic credit insurance business has drawn strong protests from British and USowned insurance companies in

It is the most contentions part of a draft bill, expected to be introduced in parliament

The EDC, Canada's export finance and credit insurance agency, wants to expand into underwriting domestic credit risks to help it win back export business which it has lost in recent years to private-sector insurers offering both domestic and export coverage.

The corporation has seen aome of its higgest export accounts move to foreignowned underwriters, notably subsidiaries of Trade Indemnity of the UK, and American International Companies and Continental Insurance of the

These companies have expanded aggressively in Can-ada over the past few years. Trade Indemnity, which set up in Ottawa in 1989, already underwrites about C\$4bn in sales, split roughly equally between domestic and export husiness. Mr Rick Doyle, its president, says: "If big export-ers have found better service and one-stop shopping in the private sector, why should the government come in?"

The private insurers complain that the EDC's status as a government agency gives it many advantages, including tax-free status and the absence of requirements to set up reserves against habilities. "It would he difficult for us to compete against a company that could basically buy the

market," Mr Doyle says. The EDC declined to comment on the legislation until it is presented. However, it is said to be concerned that the private insurers are "cherrypicking", in other words, tak-ing its biggest and best export insurance customers, and leaving it with the more risky business from mid-sized and small

The new legislation will also expand the EDC's exportfinance mandate, with a view to making it more competitive with European and Japanese Corporation is expected to become more active in preexport financing, including the ability to make direct loans against inventory and working capital assets. The EDC will also be empowered to enhance a financing proposal by taking an equity stake in a company or a project, and will be given greater leeway to provide support for leasing machinery and

Canadian exporters have complained that the EDC's services are increasingly falling behind those offered by other countries' export finance and credit insurance agencies.

China's Gatt talks resume

NEGOTIATIONS on Chinese membership of Gatt resumed yesterday in Geneva, but little progress is expected over the three days of talks following nnsncceesful discussions between China and the US earlier this month, writes Frances Williams in Geneva.

Neither the US nor the EC has sent senior negotiators to Geneva, and part of the US team has been delayed by severe weather. China had hoped to rejoin Gett this year, but US officials now say membership is a long way off.

US withdrawal from trade procurement talks has put Sir Leon on the spot

EC ponders next step in row with US

THE EC is studying all options - including retaliation - in response to the likely US decision on March 22 to bar European companies from winning certain federal contracts in telecommunications and power generation, the European Commission said yesterday.

The Commission said Str Leon Brittan, EC commissioner for external affairs, had yet to choose how to respond to the

pected withdrawal from talks on the procurement dispute due to open yesterday. But in response to threats of sanctions by Mr Mickey Kantor, US trade representative, an EC official said: "We take him at

Mr Kantor's abrupt decision to call off talks has escalated tensions already inflamed by EC-US disagreements on com-mercial aircraft subsidies, steel subsidies and the stalled Gatt

embarrassed Sir Leon, who had claimed that e recent trip to Washington had cemented relations with Mr Kantor. BC officials admitted yester-

day that Mr Kantor had failed to make a courtesy call to Sir Leon ahead of last Friday's announcement. One Brussels official described Mr Kantor as "unpredictable", while others said the unilateral withdrawal amounted to a spur-of-themoment decision which had

Uruguay Round. It also has surprised the US oegotiating agrees to waive buy-American

Mr Kantor broke off negotiations after learning that the EC would not waive Article 29 in the EC utilities directive, which gives European companies a 3 per cent price preference over foreign hidders, while slso giving favoured treatment to EC bidders offering more than 50 per cent local

content.
The EC is ready to waive Article 29, but only if the US

provisions on federal and state contracts in water, gas, electrical and telecoms contracts. US demands that the Community waive the clause before yesterday's talks were tantamount to "getting us to walk naked into the negotiating room", the EC said. Mr Kantor is due to visit

Brussels for talks with Sir Leon on March 29, but the latest row bad "rewritten the agenda", an EC official said.

Kantor seeks new rules in the free market game

By Nancy Dunne in Washington

WHEN he cancelled this week's talks with the EC, Mr Mickey Kantor, the US trade representative, was saying that the rules of the game must

He would have no patience for the squahbling and last minute bandage "solutions" which he believes have produced little gain for American companies in the past.
"Our policy has been that we

are for free trade, that we are

'open skies'

ambitions

By David Gardner in Brussels

BC transport ministers

yesterday agreed to co-ordi-

nate more closely the external

civil aviation agreements each

member state now negotiates

But they scotched European Commission amhitions to

negotiate "open skies" deals

on behalf of the EC as a bloc,

except on a case-by-case basis

requiring a prior mandate

from the Twelve.
This concession promises to

be limited, in the short term at

least, and Brussels has not

ruled out a legal challenge. The Commission has long

argued for a common external

aviation policy to get better access for EC airlines, and pre-

vent a free-for-all inside

Europe which might put at

But ministers decided mem ber states "shall remain fully responsible for their relations

with third countries in the

field of aviation unless and

until action has been taken by

The Council based itself on

the transport articles of the EC

treaty, whereas the Commis-

sion maintains that external

aviation agreements come

under the the treaty's commer-

cial clauses, which give Brus-

Ministers did agree, however, that the EC should estab-

lish common rules on aviation relations with other countries.

The Twelve and the Commis-

sion will thus set np an

• Exchange information on

and consult on external nego-

tiations;

Sort out conflicts of interest between states; and possible infringements of EC law;

 Identify areas of common interest where the Community

They also agreed yesterday

dards for air traffic control. These are aimed at integrating

54 control centres, using 31 incompatible systems and 70

different computer languages,

and are part of the reason for Europe's growing reputation

should negotiate as Twelve.

on common equipm

for air travel delays.

sels broad competence.

experts group to:

lation of air transport.

the Council."

scotched

bilaterally.

Brussels

for improved market access and a Uruguay Round, while our strategy has been, in any given crisis, to do the mini-mum necessary to avoid some kind of congressional action. Neither that policy or strategy has accomplished much.

"Marathon trade negotia-tions are now well into their seventh year. Our trade deficits have begun to rise again. Numerous bilateral problems, particularly with Europe, seem permanently on the table." This summation hy Seo J Rockefeller, a Democrat from

West Virginia, when he testi-fied on Capitol Hill last week, did not evoke disagreement from Mr Kantor. He has said much the same more diplomatically since taking office. Mr Kantor has repeatedly stated his aim: "Comparably

open markets." The "compara-ble" can be defined unliaterally by the US through sanctions or through real negotiation. Mr Kantor has also clearly defined his key role as the enforcer of US trade laws. The 1988 Trade Act required the extent to which foreign governments discriminated against US products and services in government procurement, and to act appropriately to remove the discrimination.

In 1991 Mrs Carla Hills, then the US trade representative, said France, Germany and Italy had discriminated against foreign suppliers of heavy elec-trical equipment or telecommunications equipment. Consultations were requested and Mrs Hills vowed that, if US concerns were not resolved within 60 days, the president

would implement sanctions to take effect by January 1993. Two months after that deadline, Mr Kantor is prepared to act. He would also "be pleased to sit down with the EC..." be

Meanwhile, he has been taking comments from US compa-nies, most of which support the initial sanctions. There could be a second tranche of if the EC retaliates - a move Mr Kantor said he does not expect.

Most US companies do not recommend the US withdraw

sidering. Many believe the US should bring a complaint to Gatt on the grounds the EC ntilities directive fails to provide national treatment for US

The EC can be pardoned for its "surprise" at Mr Kantor'e impatience. For four years it dealt with a trade representative who believed it to be "a failure" if sanctions went into effect. Mr Kantor has seen the results of past US accommodation. He has not liked what he

Rolls joint venture secures big order

By Paul Betts.

BMW Rolls-Royce, the joint venture formed two years ago, has won its second important order for the BR710 aeroengine it is developing for business and regional jets.

The joint venture's BR710 engine has been chosen by the Canadian Bombardier group to power its Canadair global express business aircraft.

No vaine has been placed on the deal but Bombardier has won 37 firm orders for its long range twin engine business jet. This could represent about \$75m worth of business. The aircraft, which can fly

6,500 nautical miles non-stop at a maximum operating alti-tude of 51,000 ft, is due to make its first flight in 1996 with the first customer deliveries starting late 1997.

BMW Rolls-Royce is developing the BR710 family of engines at a new plant outside Berlin. The joint venture woo its first order last September when Gulfstream of the US ordered 200 BR710 engines worth \$500m to power its Gulfstream V corporate jet.

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now, of course. With a pair of scissors.

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Holding M.V. **Sparanteed Floating Rate Notes due 1993**

NOTICE IS HEREBY GIVEN to the holders of U.S. \$30,000,000 Outract is Herkery Given to the holders of U.S. \$30,000,000
Guaranteed Floating Rate Notes due 1993 (the "Notes") of Bank of Tokyo (Curação). Holding N.V., a Netherlands Antilles corporation established in Curação (the "Company"), that pursuant to Condition 5(b) of the Terms and Conditions of the Notes, the Company has elected to redeem on the next Interest Payment Date falling on April 28, 1993, all the Notes then outstanding at the principal amount thereof.

Payment of the principal amount of each of the Notes will be made

all the Notes then outstanding at the principal amount thereof.

Payment of the principal amount of each of the Notes will be made on or after April 28, 1993 upon presentation and surrender of the Notes, together with all coupons appertaining thereto maturing after April 28, 1993at the principal office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 10005 or at the principal office in the city indicated of any of the following Paying Agents:

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The coupon for interest payable on April 28, 1993 should be de-

The coupon for interest payable on April 28, 1993 should be de-tached and presented for payment in the usual manner. On and after April 28, 1993 interest on the Notes will cease to accrue. Bank of Tokyo (Curaças) Holding N.V.

By: The Bank of Tokyo Trust Company, as Fiscal Agent Dated: March 16, 1993

ITALY'S CORRUPTION SCANDAL

The corruption scandal spreading through the top tiers of Italian political and corporate life shows no sign of abating. Public outrage is rising. Demand for fundamental political reform is irresistible, while the cosy business practices which perverted the public tendering process and enriched the construction sector are a thing of the past. Italy's business community is reeling from the arrests of senior executives. International investors are worried. But how badly has the scandal damaged the political establishment in Rome and Italy's business community centred in Milan? Will Italy's always flexible and sometimes free-wheeling corporate culture be indelibly changed?

FT writers examine the state of the scandal and look at how it has affected business life in Italy.

A tale from two cities

The wreckage wrought on the body politic



The affects of the scandal reach the capital Milan's magistrates ponder whether to ask parliament to waive immunity on the outgoing Socialist miniater of touriam and a recently re-elected Socialist deputy who is also the brother-in-law of Bettino Craxi, the long-time leader of the Socialist party and former prime minister. Craxi is widely expected to head the government being formed in the wake of last month's national election stalemate



The outgoing minister for public works is served notice by Rome's magistrates that he Is under investigation. Craxi agrees to withdraw candidature for prime minister, Gluliano Amato, former Socialist treasury miniater and heed of the special commission looking into Milan scandal, forms government.



Chamber of Deputies agrees to waive parliamentary immunity on five MPs. A total of 13 MPs and former ministers are now under investigation by Milan magistrates. Nine more are being investigated in other parts of



Craxi is told he is under investigation by Milen meglatratea. Perliement agrees to walve immunity of Socielist deputy leeder end former foreign minister so that Venice against him. Socielist party executive postpones decision on Craxl's leadarship.



Craxi sarvad with second notice by Milan megistrates, who ask parilement to welve hia Immunity. Rome megistretes investigate ourchase by Treasury of buildings in Rome. Forty-lour people, including aenior civil servents and a former treasury director-general, are chargad. Police reid offices of Socielists.



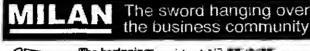
Cleudio Mertelli, Socialist justice minister, nesigns after being told he is under investigation in Milan. The number of separate investigation noticea to Craxi Increases to six. Craxi resigns as party leader after 16 years in the job. Gabriele Cegllarl, president of Eni, told by Rome magistrates he is under investigation. Two under-secretaries in Budget and Interior ministries ere warned. Prominent fig-

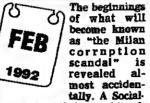
uraa in parties othar than Socialists are increasingly involved in investigations. Health minister Francesco De Lorenzo reaigns after deputies vote to remove immunity. Finence miniater Glovanni Gorla resigna. Although not under recent judicial investigation, he has been embrolled in enother long-running investigation. Tansion rises as magistrates in Rome, Milan and other cities order a wave o arrests. Rapublican party leader Giorgio La Malfa resigns Immediately after being informed he is under investigation. More than 50 deputies and senators are now caught up in



A hilharto obscura telavision programme presenting court casea becomes mass viewing. Craxi aays magistrates are in co-ordinated plen to decapitate Socialiat Influance. Amato'a four-party coalition agrees on legislation that would transfer the investigation of

illegal political funding from magiatrates to politically appointed regional prefects. There is public uproar, Milan megiatrates object, Environment miniater Carlo Ripa di Maana resigns in protest, and President Oscar Luigi Scalfaro refuses to aign the government's decree that would open way for a political solution. Amato wina backing of coelition parties after turbulent parliamentary debate, but widespread protest continues. Amato leaves proposed legislation with a divided parliament. More than 1,000 sanior politicians and businessmen are now under investigation, but this is likely to prove to be only tha tip of the icebara.





ist apparatchik is caught redhanded taking a L7m (£3,200) kick-back for e cleaning contract st an old peoples' bome. Milan's magistrates have been on trail of corruption ever



charging of two leading figures in the construction industry. Six other prominent people in the industry have already been charged. Most notably, Enzo Papi, managing director of Flat's big building subsidiary, is detained. in all, 26 businessman, municipal officials and local politiciana have now been arrested.

JUN 1992

Number of accused prominent businessmen and politicians rises to more than 40. Police announce that a prominent Socielist killed himself after going to see investigators.



Salvatore Ligresti, the king of construction in Milan and ona of Italy's richest men, is arrested. Seventy-six local and national politicians have been either charged or are under Investigation.



The Ilra, already buffeted by turmoil in tha ERM, for the first time comes under pressure because of Italy'a political uncertainty.

Magistrates ennounce that Paolo Barlusconi,

the younger brother of medie megnate Silvio

Berlusconi, will be out on trial. He is latest of

35 businessmen and politicians who megis-

trates say will go to trial. Magistrales widen investigations to include reorganisation of

chemicala industry in 1990. Under investiga-

tion are Eni, the state oil concern, the Fer-

ruzzi Group's Montadison, and Anas, the



1993

1993

stata roed building authority. The number of persons errested since the beginning of the scandel passes 100. Financiel markets are rattled by feara of polit-(ical chaos. Heavy selling of shares, end the lira alides, intervention restores calm to merkets. A total of 105 businessmen, politicians end civil servants are said to have confessed to taking part in a system whereby public contracts were awarded on the basia of Illicit

payments to fund party organisations. Latest line of investigation centres on the electricity generating industry. More arrests, increasingly involving prominent business figures. Two top Flet executives are arrested in their Turin homes, one of whom la the group's chief financiel officer. Magistrates ennounce thet Reul Gsrdini, former head of Ferruzzi-Montedison, is under investi-



Italy's credit ratings begin to be affected. Standard & Poor's announces downgrading efter Moody's places the country's deht under reviaw. Gabriale Cegliari, president of Eni, arrested. Shara prices fall, and Bank of Hely forced to support lira. Calm restored to markets. Chairmen of four blg Eni subsidierles arrested, and police raid group's operating

unlocking of Tangentopoli They will set the investigation agenda, writes Robert Graham VER the weekend the Italian ruption. Already, Italian companies are media felt obliged to comment on a non-event. No new arrests had ruption. Already, Italian companies are worried about their image abroad. It is now clear that the scope for investiconcerning the scale of money taken by

Magistrates hold key to

been carried in any of the country's ever more numerous corruption scandals which centre on the illicit funding of political narties through bribes on contracts Such arrests have become such a part of the fabric of daily life that it is indeed an

occasion when nothing happens. But this The anti-corruption drive has gone too far to be halted easily and is now attacking the heart of the post-war politico-eco-

nomic system. The traditional balance of power has altered and the politicians no longer control the judiciary; or rather that part of the judiciary which matters, the investigating magistrates. A weak government and a fractious parliament have tried, and failed, to impose a

political solution which would limit the scope and consequences of the corruption investigations. As a result the magistrates, particularly those in Milan, are setting the agenda. The speed and scope of the investigations will be determined for the foreseeable future by the ability and willingness of the magistrates to proceed. The public is firmly behind them. Anger is rising as proof accumulates of what has been little short of the rape of the state during the last two decades.

The need for a political solution, which prime minister Giuliano Amato began to plore last month, was and remains real. If Italy's system has been so permeated by corruption, the very institutions of democracy risk being weakened if the judicial surgery is too abrupt and all-embracing.

Secondly, there is the issue of how guilt is apportioned in a system that is so thoroughly corrupt, and whether individuals are to be punished or whether society as a whole should be blamed for allowing the situation to develop. Finally, the sheer volume of work both at the investigative, prosecution and then appeal stage threat-ens to bring an already torpid and bureaucratic judicial system to e standstill.

tion scandals carried through the courts for the next six to 10 years without politi-

gation is limitless. What started out a year ago with Milan being dubbed Tangentopolis (literally bribe city) has become Tan-

gentopoli (bribe cities). Large and small cities alike have seen their favourite sons either indicted or rep-utations ruined. Milan, Naples, Turin and Rome - the four higgest cities - are without political guidance as the ruling coalitions have been decimated by a combination of arrests and alliances broken in the fall-out from corruption scandals.

In northern and central Italy the political elite is on the retreat, if not disappearing. Political control of the public sector, through state companies and thousands of municipally owned entities, which has been the central element in the corrupting process, has been undermined. To some extent all the major state concerns are involved - Iri, the state holding company; Enel, the electricity authority; Efim, the industrial holding company in liquidation; Eni, the state energy company and Anas, the roads anthority.

contracts in Enel's patronage is emerging as a key source of bribes paid by contractors to the political parties. But Eni is rapidly becoming the centre of ettention. Last week, Mr Gabriele Cagliari, the Eni chairman, along with the heads of the company's four major subsidiaries, was arrested on charges of illicit party funding and falsifying accounts. Magistrates are investigating three main

The enormous bounty of power station

areas of Eni activity: • The involvement of Eni with Banco Ambrosiano prior to the latter's collapse in 1982, and the payment into a Swiss bank account of money for the Socialists;

The reorganisation of the chemicals industry with Ferruzzi's Montedison in

• The use of Eni's subsidiaries in providing funds to parties based on foreign contracts (such as gas supplies from Algeria) and other hydrocarbon commodities through Swiss associates.

All these promise explosive revelations

individuals and the parties through manipulation of state companies, as well as exposing the "Swiss connection" in Italian business dealings. The issue of individual enrichment in taking kickbacks has not been touched. At least 30 per cent of the L5.000bn (£2.2bn) - L6,000hn believed to have been taken annually in "commissions" went not to political parties but to individuals in kind or cash. Milan magis-

trates have left this issue to one side.

Other areas which have yet to fall within the magistrates' net include government investment and procurement for the railways, which is planning massive investment in a high-speed train network, and the defence sector. The civil service itself is only just beginning to be touched with investigations into public works. overseas aid controlled by the Foreign Ministry and export credit guarantees.

qually, the investigations remain essentially a phenomenon of north and central Italy. This is because the grip of the Christian Democrats and Socialists remains strongest in the south and the judiciary there is more susceptible to political pressure. In the south, too, the thrust of magistrates' energy tends to be directed at organised crime.

The party most visibly affected has been the Socialists, but smaller parties have also suffered.

The only parties to emerge with a clean sheet so far are the communist splinter group, Reconstructed Communism, La Rete (The Network, the Sicily-based reform movement), the neo-fascist MSI and the Lombard League, whose rise to power derives precisely from its opposition to the corrupt old system in the north.

These are stridently calling for the corrupt to be punished and are likely to be the main beneficiaries if elections were to be held under the present system of proportional representation. Yet even they recognise that the old system is unworkable in the long term. Only a new parlia-ment elected on a fresh set of electoral regulations is likely to have the moral authority to deal with the issues raised by

Politicians start Billions paid in feeling downside public sector of family ties

THE CLOSE-KNIT nature of the Italian family is proving to have some disadvantages as the reputations of politicians and husinessmen become damaged by close relatives caught up in the scandals.

Take the case of Mr Fran-cesco de Lorenzo, a member of the Liberal party who resigned on February 19 as minister of health. That morning his 89year-old father, Ferruccio, had been arrested on allegetions that he received an illegal commission of L1.7bn (£741,000) for a series of property deals. Mr de Lorenzo owed his political career to contacts of his father in his political fiefdom of Naples.

His father, a prominent Naples doctor, has been three times a parliamentary deputy, a former under-secretary of health and for years head of the national medical association. The allegations of corruption centred on the property purchases for the doctors health insurance association which Ferruccio de Lorenzo

Although resignation is rare in Italian politics, Francesco de Lorenzo, as minister in charge of the medical profession, was left with little alter-

The activities of Mr Michele de Mita forced his well-known elder hrother, Cirlaco, to resign from his key post as head of the joint parliamentary constitutional reform commission on March 2. This followed Michele's arrest in connection with an alleged foodstuffs fraud linked to the 1980 earthquake at Irpinia, southern Italy.

Ciriaco, a former Christian Democrat prime minister and heavyweight on the left of the party, is the local potentate around Avelling, one of the areas most affected by the earthquake and where misuse

of disaster rellef funds bas been most keenly felt. Others have been more for-

1989-90:

tunate in limiting the damage caused by the involvement of some family members with the law. Mr Bruno Tronchetti Provera, bead of Mariani, a company involved in a consortium setting np a gas distribu-tion network in Milan, was arrested for allegedly paying a bribe of L1.6bn (£697,600) to a Republican party politician. Although Bruno is brother of Marco, chief executive of Pirelli, and although Mariani is linked by shareholdings to the tyre group, the two have

nanaged to stay separate.
On the other band the higher public profile of Mr Silvio Berlusconi, the media magnete, has also brought his links with the Socialists under scrutiny; and he has had to make very clear that his Fininvest is no longer involved in Milan property dealings. Mr Craxi, who risks losing

parliamentary immunity to face charges of alleged corruption, never ceases to castigate the press and the magistrature for singling out his family for According to Mr Mario Chiesa, a Socialist party func-tionary and the first person

caught in the scandal and to

onfess to Milan magistrates,

he helped "Bobo" (Bettino's son) into politics using funds illicitly collected from contract kickbacks. "Bobo" has now withdrawn from politics. Stefania, Bettino's daughter, bas been portrayed by the press as unfairly benefiting from her father's influence and the Socialists' control of

the second state television

channel to set np a TV produc-

tion company. Mr Craxi is also foisted with the plight of bis hrother-in-law, Mr Paolo Pillitieri, former mayor of Milan, who faces charges of illicit party

contract bribes

By Robert Graham in Rome

FROM confessions of businessmen, politicians and civil servants it has become clear that virtually all transactions from the mid-1980s onwards in the public sector were subject to bribes and commissions. This was also true of a considerable slice of private construction activity, as well as supply contracts. How much was creamed off in bribes and illicit commis-

sions each year? How much did this cost the economy? · Total public spending in 1992 was L135,000hn (£59bn)-L70,000bn (£30bn) on the purchase of goods and services

and L65,000hn (£28bn) in investments. According to confessions to the investigating magistrates, supply contracts routinely carried a commission of between 5

Public works contracts, which totalled L30,000bn, carried a 3 per cent commission. But this rose to 4 per cent in the case of private treaty deals with Anas, the roads authority (which accounted for 10 per cent of public works contracts). Building permits and property development permissions carried a commission of 6-8 per cent of the value of the project. The construction industry had a turnover of L156,000hn in

and 10 per cent.

On a crude median of 5 per cent for both supply and investment projects, and total public spending of L135,000bn in 1992 - then L6,750bn (£3bn) was paid out last year in hrihes. If this is reduced because some expenditure reflects projects on which commissions bave already been paid, then the figure could be cut to a minimum of L5,000bn (£2.2bn).

But this figure only includes public sector spending. Public works contracts represent a mere 20 per cent of the conetruction industry's annual turnover of L156,000bn.

When building permits and permissions for property devel-opments are factored in, It would not be unreasonable to put a figure of around L6,000bn (£2.6hn) per year being creamed off. How much of this went into

private pockets and how much to the political parties is hard to tell.

According to those who have confessed to the magistrates, at least 30-40 per cent of total bribes paid went directly to personal enrichment - mnch more in the case of the private construction sector and the granting of huilding permits. It is also difficult to distin-

guish between benefits in kind which have been connected to party work - free travel, gifts, apartments, telephones, etcand direct self-enrichment. The cost to the economy has

to be measured partly by:

the extent to which contract values are increased to absorb the bribes/commissions; the increased cost of con-

tracts due to the absence of competition. Ministry officials say public works contracts could well have been inflated hy 15 per cent or more.

There is also the hidden cost of high public epending, reflected in the public sector deficit equivalent to almost 11 per cent of gross domestic. product and the axpense of both borrowing and servicing Italy's huge national debt, equivalent to about 107 per cent of GDP.

This latter elament ls extremely important if at the beginning of the 1980s corruption had a silver lining, in that it encouraged greater private consumption expenditure and even investment into the economy, by the end of the 1980s the accumulated impact was simply to fuel ever-higher public spending, thus substantially raising the national debt.

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Foreign competitors may win the ultimate kickback

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float part of their capital under a long heralded scheme to bring in private shareholders.

Matters have by differences within the privatisation

received a cool response from

the government over privatisation. Last month for example. Prime Minister Giuliano Amato tried to push aside Mr Giuseppe Guarino, his industry minister, who had become a substantial obstacle to privati-

Mr Guarino's refusal to fer of responsibilities for privatisation from the Industry Min-

Only a handful of transactions have heen concluded since the government made privatisation one of its priorities after taking office last year. And the deals which have heen completed are small in scale compared with those still to be soid.

Still pending are the dispos-als of Credito Italiano, Italy's sixth biggest bank, and Nuovo Another hig privatisation yet to be concluded is that of the SME foods, retailing and catering group, and the planned flotation of an initial stake in the

sell. The disposal of its food manufacturing activities and possibly its supermarkets and catering business at a later stage - was advertised this month, and the deal should

But it could still go awry if opponents of the sale try to use the courts to block the complex division of the group into the three or four separate companies essential to the disposals. Moreover, SME's Naples headquarters are occupied by

Scandal threatens to count against Italian companies seeking public sector deals at home and abroad, writes Haig Simonian B USINESS as usual is the motto at most Italian companies, whether the minority tainted by arrests and big contracts being lost. However, with other European markets in recession and allegations of paying kickbacks or the vast competition in many of the industrial sectors in which Italians specialise growing ever more cut-throat, it may not be long before an important deal slips through a

> Some state-owned companies may already be feeling the impact. Italstrade, tha big civil engineering arm of the Iri state holding company, believes it may have lost its chances of winning a tunneling contract for London Underground's

company's fingers because of the impact of

The company, which is part of IRI's lossmaking Iritecna building and general con-tracting aubsidiary, has already signed a letter of intent to build a tunnel under the Thames for a section of the new line. But bopes to construct a further part from London Bridge Station appear to be receding after requests for more information and guarantees shout the position of the parent company.

Mr Eberhard von Koerber, the deputy chairman of the multinational ABB engineering group, who is also responsible at board level for the Italian market, has had

So far, there have been no examples of problems at its parent and adverse public- ample reason to get to know the Italian market. ABB is believed to be interested in hoth the hig state-owned engineering groups on the privatisation list - Nuovo Pignone, the turbines and compressors subsidiary of the Eni energy and chemicals concern and Breda Costruzioni Ferroviarie, the railway equipment group owned by the Efirm state holding company.

now in voluntary liquidation. Mr Von Koerber was hlunt: ". . . The Italian managers with whom I met to discuss [privatisation] are either in jail, disappear at night, or have been fired. That would be inconceivable in

Last week, Mr Franco Ciatti, Nuovo Pignone's chairman, was arrested on allegations linked to the corruption scandal. So far, the investigations have not touched

But ABB itself has been caught up in the net Earlier this year, Mr Umberto di Capua, head of its big Italian subsidiary, was arrested and briefly detained in San Vittore prison on allegations of kickbacks linked to orders for Milan's new third metro line. The allegations followed the interrogation last year of Mr Ivo Braglia. another ABB executive.

"We all knew that in Italy, things tended to be done differently than in other countries," said Mr Von Koerber. "But if there's a strong state role in the economy and legislation which is not very clear on financing parties, it's possible to arrive at the sort of situation which is now being dismantled."

Italian exporters have had a strong reputation for innovation, technical expertise and a strong commercial sense. Of late their competitive edge has been sharpened by the devaluation of the lira against most major currencies. But with stiff competition in the markets, few should be surprised if their foreign competitors start benefiting as the domestic corruption scandal rumbles on.

candidates in the spotlight

By Haig Simonian

majority so far unaffected.

subsidiaries in the country.

However, the unwinding scandal has not

gone unnoticed by Italy's exporters or the

thousands of foreign companies operating

Leading exporters largely brush off the effects of the scandal on their businesses,

describing the affair as being limited to domestic public sector contracts. However,

there are already signs that their foreign

competitors may be trying to turn matters

ITALY'S ambitioua privatiaation programme avoided the taint of the growing scandals until last week when a series of raids hy Milan magistrates against subsidiaries of Eni, the state energy and chemicals group, brought prime candidates for privatisa-tion directly under the scandal

Last Monday Mr Franco Ciatti, chairman of the Nuovo Pignone turhines subsidiary of Eni, was arrested on corrup-tion charges, along with Mr Gabriele Cagliari, Eni's chairman, who was also accused of illegal funding of political par-

On Wednesday night, Mr Raffaele Santoro, Mr Pio Pigorini and Mr Giovanni dell'Orto, chairmen of Eni's Agip petroleum, Snam gas distribution and Saipem exploration subsidiaries respectively, were detained on charges of illegal party funding and falsifying

company accounts.

Nuovo Pignone is one of the most prominent candidates for privatisation, while both Agip and Snam had been hoping to The latest developments will

complicate a privatisation programma which had already

been exacerbated government over

potential huyers. Recession and unattractive strings attached to some of the higgest privatisation candidates mostly explain the lack of enthosiasm. But matters have been exacerbated by differences within

sation.

resign his portfolio in favour of Mr Paolo Baratta, who was later appointed privatisation supremo, highlighted the continuing strength of the political opposition to piecemeal sell-offs. Ministers hope the transistry will help get the programme off the ground.

Pignone. both of which were announced in September. food production side of the However, hoth transactions

Ina insurance group.

SME should be the easiest to cause few problems.

this month. dissident workers opposing the proposed break-up. They have

Thare are convincing reasons for the delays in hringing other transactions to fruition. For example, it is believed that Merrill Lynch, the US investment bank sounding out buyers for Credito Italiano, has failed to find a suitable candi-

lts remit has been complicated by the likely L6,000hn (\$2.7bn) price tag for the 67 per cent stake held by the Iri state holding company and the public tender offer that would subsequently he required under new bourse lawa for the ramaining sharea floating on the stock market.

The sale has also been stymied by poor timing hy the government. Efforts to dispose of the well-regarded bank have been complicated by the forthcoming sale of Banca Commerciale Italiana, one of Italy's most preatigious financial institutions. Many huyers. especially the consortia of domestic financial and insurance interests seen as the most likely candidates, are waiting for BCI to come on the block.

The outlook for selling the big Treasury-owned IMI invest-ment banking and insurance concern to a group of savings banks, led by Milan's Cariplo, remains unclear as the longrunning saga, now well into its second year, rolls on.

Nuovo Pignone should have been relatively easy to aell, given its strong reputation for turbines and compressors, However, Mr Clattl's arrest and the fact that much of Its business comes from Eni complicates assessments of Its value and saleability. The works' council at Nnovo Pignone's Florence beadquarters this week called for privatisation to be suspended.

Plans to float Agip and Snam have also been tainted by the corruption scandal. The latest setback comes on top of existing differences in the government over Eni. While some officials want the flotations, probably involving 10-20 per cent of the shares in each subsidiary, to go ahead quickly, others are still pressing for a

flotation of Eni itself. The latest wave of arrests at the group could, surprisingly, speed that process. While the next few months are likely to be turbulent, the call for a "fresh start" — probably linked to privatisation — could prove irresistible. The blow to some of the group's most powerful subsidiaries, which were previously stressing their independence, may strengthen the hand of those calling for flotation of the group, rather than

its subsidiaries. The Ina insurance group represents one of the government's most attractive candidates. Yet an embarrassing and highly public difference of opinion between the group's chairman and managing director over ita restructuring means plans to privatise the company could still be delayed. Setbacks to the government'a timetable mean some smaller privatisations may jump the queue. Prominently placed until last week'a arrests were Eni's Savio textile machinery operation and the Agip Coal natural resources operation.

may now be held up. Progress may also be forthcoming in disposing of some of the more attractive assets of the Efim state holding company, now in voluntary liquidation. Formal bids for Efim's big Siv glass subsidiary are expected to be invited later

There has also been considerable behind-the-scenes activlty among potential buyers for Efim's Breda Costruzioni Ferroviarle railway equipment maker. In both cases, however, the proceeds will be little more than a drop in the ocean of the government's overall privatisation targets, given the modest prevented the retrieval of financial performance of the important documentation two companies.

Privatisation Swiss tired of being Europe's laundrymen

By Ian Rodger in Zurich

IT SEEMS that whenever there is an Italian scandal, there is a Swiss connection. From the Chiasso affair in

the late 1970s through to the Tangentopoli affair that is now shaking Italy's entire political system, Swiss banks always appear in a prominent, if rather sleazy, role.

Last week yet another connection emerged when Mr Pierfrancesco Pacini Battaglia was named as one of the main intermediaries funnelling kickbacks from Enl, the Italian state energy group, to political

Mr Pacini Battaglia, now under arrest apparently managed his funds through a small Geneva private bank called Banque Karfinco, of which he is a director. Now, however, there are signs that not only the Italians,

but also the Swiss, are tiring of what has been a mutually convenient arrangement for Last weekend, police in the Italian-speaking canton of Ticino confirmed that Mrs

Carla Dei Ponte, the chief prosecutor, has been receiving special protection for several months. She has been particularly vigorous in investigating Later this year, the Swiss

federal government plans to pass a package of tough penal law reforms aimed at preventing criminals everywhere from using Swiss banks. And leaders of the Swiss financial community are urging the authorities to accelerate appeal procedures behind

which suspects have been able to hids for years. "The appeal process is too complicated, it is not in our



cess," Mrs Gertrud Erismann of Union Bank of Switzerland

UBS is the other Swiss bank that has been publicly linked so far with the political corrup-tion scandals in Italy. Mr Sil-vano Larini, a close associate of Mr Bettino Craxi, the former Italian prime minister, opened the so-called "Protezione" account at UBS's Lugano branch in 1979.

Over the subsequent two years, Mr Roberto Calvi, then president of Banco Ambrosiano, paid \$7m (£4.9m) into lt. and it is alleged that Mr Craxi and Mr Claudio Martelli, the

UBS was emharrassed hy demands from the Geneva police last autumn for information on the account, which were accompanied by an insis-tence that the client not be informed. UBS felt obliged to appeal on behalf of the client, even though it did not want to hinder the investigation. Geneva police have since allowed the client to be informed and UBS has witb-

drawn from the appeal. Switzerland was slow in respooding to changing international attitudes to dirty

quently had access to the enraged US authorities by account. being less than helpful in US demands for belp in a few insider trading investigations.

In the late 1980s, the country came to be seen as a main centre for drug money laundering. especially by the Italian Mafia. A 1989 federal parliamentary commission accused the public prosecutor of laxity in pursuing narcotics investigations, and a book with the cheeky title Switzerland Washes Whiter became a best seller. As so often though, once the Swiss decided to act, they moved quickly and effectively.

In August 1990, amendments to

making it an offence for a Swiss banker knowingly to accept money that had heen made from criminal activities. The Swiss Federal Banking

Commission backed up the new laws by making clear that it would regard the acceptance of dirty money through negligence as a possible contravention of the banking law's stipulation that the conduct of business he ahove reproach. Also, hanks were bencefortb obliged to know the real beneficial owners of their accounts. This tightening has already

had a significant impact. According to one leading

who reveals that he comes from southern italy stands little chance of opening an account in Switzerland these

However, it does bave weaknesses. Swiss bankers point out, for example, that many of the individuals being named in the current Italian scandel clients because of their high standing.

Now a second reform package is on the way. Justice ministry officials say it will make membership in a criminal organisation an offence. This is particularly significant with respect to the Maña and the P2

Switzerland bas treaties of mutual assistance on criminai cases with most countries. including Italy. However, the Swiss will only co-operate with a foreign government if the crime being pursued is also a crime in Switzerland. Thus, it will become easier for the Italian authorities to pursue Mafia and P2 cases in Switzerland.

The new law will also give Swiss bankers the right, if they are suspicious of a client, to tell the police without risking prosecution for violating bank secrecy. This will bring an end to the potential for conflicts of interest that tormented bank-

ers after the 1990 reforms. The Justice department also intends to set up a specialised office for dealing with organ ised crime and to establish liaison officers abroad, notably in Washington and at Lyons, the headquarters of interpol.

All this does not mean that Swiss banks are going out of the financial haven business. For Italians, or anyone else. seeking to avoid tax, it is business as usual. Tax evasion is not a criminal offence in Swit-

Philosophical investors push Debt mountain up share prices despite probes still unclimbed

By Haig Simonian

UNDETERRED by the almost daily spectacle of new boardroom-level arrivala into Milan's decrepit San Vittore prison on corruption allegations, Italian shares have risen hy about 14 per cent this year.

The resilience of equities to the revelations now involving most leading companies sug-gests that most investors are unconcerned by the arrests. Rather than tumbling with each new leak about kickbacks on contracts, the capitalisation of most companies has surged The reasons lie in expecta-

tions of lower interest rates, the benefits of a cheaper lira for exporters and last summer'a deal between unions and employers to abolish the scala mobile wage indexation system. Concern about corruption has so far been contained to a handful of cases.

The pace of the rises also reflects many investors' underwaight positions in Italian stocks. Once sentiment began to shift last month, topping np depleted portfolios created a bandwagon effect. "Once the ball started rolling, most investors had to start buying not to miss the market's performance, even if they had doubts about the fundamentals," says one analyst.

Concern ahnnt individual arrests has been hrusbed asida in the context of broader corporate prospects. "Institutional investors understand that the companies are still in business. Arresting Mr Francesco Paolo Mattioli, Fiat's chief financial officer, doesn't mean it has stopped making cars. The question is whether the new Uno will be a good car, not whether a given executive is in jail," says Mr Gianluca Codagnone, an analyst at Milan brokers Aloisio, Foglia,

Fiat's share price bas climbed steadily this year, reaching L5,560 yesterday. That compares with L4,810 on February 17 last year, when Mr Mario Chiesa, the Socialist administrator whose testimony triggered the investigations, was arrested

Yet the general rise in prices on the bourse masks differing sectoral performances. Construction, most affected by the scandals, has been hit hardest. Shares in Fiat'a Cogefar-Impresit building snhsldiary have dropped to L2,730 from L3,443 when Mr Chiesa was

Last May, Mr Enzo Papi, the group's former managing director, spent 55 days in San Vittore under interrogation by magistrates.

The virtual freeze in public works contracts has continued to dampen the sector's perfor-

The problems in the building sector have spilled over into related industries. Italmohillare, the holding company for Mr Giamplero Pesenti, the industrialist detained last month and now freed, have sunk to L40,000 from L64,200 when Mr Chiesa was arrested last year. Italmobiliare's main subsidiary is Italcementi, Italy's higgest cement group. Like other cement and building materials concerns, it has slowdown and problems at Ciments Français, the French cement maker it bought last

Companies dominated hy single individuals embroiled in the investigations have also snifered disproportionately. Sbares in the Filippo Fochi plant engineering group tumhied on the arrest of Mr

The Lira seesaws...

Against the DM (Lire per DM). 950 Feb 1993 Mar

Roberto Fochi, its chairman and managing director. His subsequent release from jall, combined with a big Iranian contract, was greeted by a marked recovery in the stock

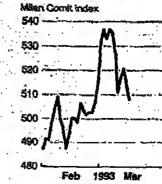
Sometimes negative factors have coincided, triggering particularly sharp falls. The Premails group of Mr Salvatore Ligresti, the Milan property magnate arrested on corruption charges last year, stands

Shares in Mr Ligresti's Grassetto building concern bave tumbled by more than half since Mr Chiesa's arrest. Premafin's share price fall has been even more dramatic. reflecting the role of Mr Ligresti in the group. Premafin's shares have plummeted to L5,500 from L11,075 in mid-

February 1992. Shares have also fallen in a handful of cases where investors believe companies may face one-off costs as a result of the investigations. Ferruzzi Finanziaria, one of Italy's biggest private-sector bolding companies, and Montedison, its big chemicals and agroindustrial arm, both saw their shares slide when magistrates turned their attention to the Ill-fated Enimont chemicals oint venture.

Enimont was wound np in late 1990 when the stateowned Eni energy and chemicals group bought out Montedison's 40 per cent stake. The L2,800bn price paid is now under examination, amid alle-

while shares rise...



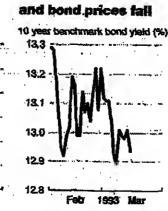
gations of deliberate over-val-uation linked to kickbacks to political parties.

The Enimont Inquiries have already involved some of italy's best-known entrepreneurs. Mr Raul Gardini, chair man of Montedison's parent company at the time, and Mr Sergio Cragnotti, former Ferruzzi executive who used to be Enimont's managing director, have been told hy magistrates they are under investigation. In spite of the uncertainty created by the investigations, many analysts believe the cor-ruption scandal will eventnally help Italian companies. "It will eventually be much easier for the market to judge companies on their skills and competitiveness, rather than the quality of their political contacts," says Mr Codagnone. The demisa of contracting through private tenders, which paved the way for many

deals now under investigation, may even help some atate groups facing heavy investment programmes. One analyst points out that at least part of a contract -the part which might have represented kickbacks - would Most of his colleagues fear the close scrutiny likely to be given to hig contracts may

of the inflated public-sector

slow decision-making. However, they agree the greater transparency that should ensue will cut costs and improve efficiency in the



amid turmoil

By Tracy Corrigan in London and Halg Simonian in Milan

THE URGENT economic problems facing Italy are being abunted to one side as a result

of the political turmoil. The greatest burden is the extremely high level of government debt. Italy's deht mountain currently accounts for around 107 per cent of the country's gross domestic product, and the government's deficit forecast of L155.000bn (£67.6bn) in 1993 is believed to be on the conservative esti-

Even if the referendum on electoral reform on April 18 paves the way for a more stable government, the reform process is likely to take several months. Meanwhile, hopes generated by the deficit reduction package agreed last autumn have faded, as the political storm clouds have cast doubt over its implementation. italy is trapped in a vicious

circle: its problem is not only the size of its debt, but the enormoug hurden of interest payments, due to high interest Unlike the UK, Italy has not henefited from withdrawal from the European exchange rate mechanism by cutting

interest rates because, without

high Interest rates, it will not

be able to fund its government

deficit. However, unless inter-

est rates fall, servicing of the public debt will continue to eat up a large part of government "If you took away the cost of servicing the debt mountain. Italy would actually be running a surplus," said Mr Andrew Roberts, Italian bond analyst at UBS Pblllips &

Drew. In 1990 10-year Italian government bonds yielded 4 percentage points more than German government bonds, the same margin as existed

10-year Italian bonds are yielding 12.85 per cent gross, 6.3 percentage points more than comparable German hond yields. despite the fact that inflation in Germany and italy is uow running at the same rate.

As a result of the political turmoil, Italian honds bave largely failed to benefit from the recent rally in European bond prices, even underperforming bond markets such as Spain, which is also suffering from economic problems. to where they are in Germany. that would cut the total deficit

cent," estimates Mr Steve Major, a bond analyst at Credit Lyonnais Securities, "A 1 per cent cut in interest rates is worth about L15,000bn a year, while 1 per cent economic growth is worth about L10,000bn." Of course, while interest

of L160,000bn by about 50 per

rates remain high, the prospects of economy recovery will also be depressed.

Italy's deht financing costs have been increased further hy the fall in its credit ratings from the top level of triple-A to double A minus by Standard & Poor's and double-A 3 by Moody's, which is considering a further downgrade. Although these ratings apply only to the country's foreign currency debt, the impact of repeated downgradings has belped push up Italy's financing costs across the board.

Even though the cost of foreign borrowing has increased, the Italian government is likely to continue to borrow in foreign currencies, with lower interest rates, when such financing is available. Most recently, Italy raised DM5bn (£2.1bn) in the Eurobond market. However, the appetite of international investors for italian paper will remain limited during the political upheaval. Meanwhile, a recent Ecu8bn (£6.6bn) loan by the European Community provides little

between the inflation rates of both economies, so real returns were comparable. Currently,

Amnesty plan for Salvadoran abuses

By Damian Fraser in Mexico City and Michael Littlejohns at the UN in New York

EL SALVADOR'S President Alfredo Cristiani has proposed an amnesty for active and former high-ranking military officers blamed by a United Nations report for some of the worst atrocities of the country's 10-year civil war.

The report, released yester-day, cites "substantial proof" that General Rene Emilio Ponce, who resigned as defence minister on Friday, and four the killing of six Jesuit priests in 1989. It says the late Mr Roberto D'Auhuisson, extreme right-wing leader of the Arena party, ordered the murder of Archhishop Oscar Romero in 1980. The US-trained Atlacatl for the massacre of a thousand

civilians at El Mozote in 1981. The murders, assassinations and other buman rights abuses were committed during a civil year that pitted the US-backed army and civilian government against left-wing guerrillas. The US gave the army and government around \$6bn in aid during the 1980s, despite accu-sations by human rights observers that the Salvadoran military was guilty of the crimes now described in the

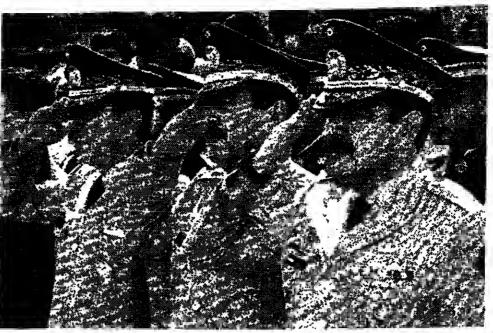
report.
The two sides reached a peace agreement last year, with the Salvadoran government agreeing to give the rebels land purge the military, and reform the police and judiciary, and set up a commission to investigate the worst acts of

The UN report was written by Mr Belisario Betaneur, former Colombian president, Mr Revnald Figueredo, former Venezuelan foreign minister, and US jurist Mr Thomas Burgenthal.

They also accuse leaders of the rebel Farahundo Marti National Liberation Front of killing and kidnapping civil-ians, mayors of cities under government control, dissidents in the rebel movement, judges and US military personne

The commission urged that those named in the report be barred from public office for 10 years, and be prohibited from ever holding military or security responsibility. It called for a special investigation into the death squads that killed tens of thousands of Salvadorans in the 1980s, believing that they continue to be a "potential

According to the commission Gen Ponce, Gen Juan Orlando Zepeda, deputy defence minis-



Former defence chief Rene Emilio Ponce (right) is among military officers accused of atrocities

ter, and Gen Juan Rafael Bustillo, former air force commander, met on the eve of the murder of the six Jesuits, their housekeeper and her daughter and ordered Colonel Guillermo Benavides to have them killed "without any witnesses". Col

Jesuits' murder, and is serving a 30-year prison sentence. At a ceremony in New York to release the report, Mr Boutros Boutros Ghali, the UN secretary general, appeared to

Benavides was convicted of the tiani's amnesty proposal. offer some support to Mr Cris-

Observing that the country had made great strides, but that peace-building was far from over, Mr Boutros Ghali said Mr Cristiani deserved the international community's

credibility and raise money for social programmes and buying back debt. He now realises that

the only option is privatisa-

It is not yet clear what rules

will govern the forthcoming

sales to meet Mr Franco's con-

cerns over issues such as the

currency used in the auctions.

Only 1 per cent of the 34hn raised in sell-offs by the

former government was in

cash, the rest mainly consist-

ing of domestic debt swapped

were recorded

East Coast airports were crowded with people trying to get away after being stranded through the weekend, when the nation's air transport sysa member of the economic pol-icy team, said: "The President wants to boost government tem suffered one of its worst-

Major motorways were reopening yesterday, hut many smaller roads remained blocked, with some travellers still snowbound.

the claims.

American Insurance Associa-

Winter storms kill over 100 in eastern US

By Nikki Tait in New York and Laurie Morse in Chicago

BUSINESSES. commuters and home-owners along the eastern US seahoard struggled to return to normality yesterday after a winter storm left a trail of devastation in its wake and

cost up to 115 lives. In Florida, hard-hit hy Hurricane Andrew last August, the storm system spawned about 50 tornadoes; in the New Jersey, Connecticut and New York state region around 300,000 homes were left without electricity and snow accumulations of up to 17 inches

In New York hundreds of motorists spent yesterday morning digging parked cars out from mountainous snowdrifts, many created by the weekend's snow-ploughs.

ever disruptions.

Early estimates put the insurance costs from the storm at hundreds of millions of dollars, although insurance com-panies said that It was too soon to attach a precise number to

"We just don't know at this stage," said Allstate, the large Illinois-based insurer. The tion, whose property-claims division provides industry-wide estimates of catastrophe losses, also said it was only just beginning to receive reports from member firms.

Mr John Snyder, senior vice-president at AM Best, the specialist rating agency, suggested that the storm which hit the East Coast in December might have been more damaging than last weekend's blizzard. The December storm resulted in more wide spread flooding and coastal damage, and resulted in around \$650m of insured

The latest disaster comes after a run of heavy catastro-phe losses for big US propertycasnalty insurers and will exasperate the financial pressures on the industry. The bomb blast under New York's World Trade Centre complex this month is estimated to hava cansed over \$1bn in insured damages, while Hurricane Andrew produced a record-breaking \$16bn-worth of

In Florida, high winds bat-tered grapefruit and orange crops, and frosts on Sunday and yesterday caused scattered damage to the fragile flowers that form next year's harvest, according to Mr Bobby McKown, of Florida Citrus Mutual, the state's largest growers' organisation. The damage was "minor" in comparison to storms and freezes that devastated Florida citrus in the 1980s, he said.

New York Post files for protection

By Karen Zagor in New York

THE New York Post yesterday filed for bankruptcy protection and failed to publish amid a

newsroom mutiny.

The seemingly indestructibla tabloid has bounced back from the verge of death several times in recent years, but the latest crisis may prove fatal. It was triggered by a staff revolt following plans to sack about 270 people by the Post's latest potential publisher, Mr Abe Hirschfeld,

On Friday, a bankruptcy

court judge ruled that prop-erty investor Mr Hirschfeld could acquire the paper. He immediately ordered dismissal

of the editor and threatened to fire about a third of its staff. Although the paper's current owner, property developer Mr Peter Kalikow, filed for protection from creditors in 1991, the paper was not part of his bankruptcy petition. Mr Kalikow continued to run the paper until January, when bank pressure forced him to put it up for sale. The Post lost about \$5m last year.

dent that It has been underval-

SELL-OFF dates and minimum prices for two state companies have been announced by Brazil's President Itamar Franco in a clear sign that the privatisation programme is to resume after a four-month delay.

Poliolefinas, a petrochemicals company, will be auctioned on Friday at the mini-mum price of \$86.1m (£60.6m).The sale of the National Steel Company has been scheduled for April 2 with a minimum price of \$1.6hn, despite complaints by its presi-

By Christina Lamb

in Rio de Janeiro

Brazil to resume state sell-offs

The deciaion to go ahead with the sales represents a policy turnaround for Mr Franco, who suspended the programme in December after making frequent criticisms.

Only two. weeks ago Mr Antonio Barros de Castro, who as head of the National Development Bank was responsible for the programme, resigned, accusing the president of deliberately blocking the process.

Last week Mr Eliseu Resende, the new finance minister, announced a "deepening and acceleration" of the prothe discovery of the privileges and high salaries enjoyed by the state sector and the considerable costs to the government.

This year the state sector will

cost Brazil an estimated \$19bn

and pay back a maximum of

was apparently motivated by

gramme as one of his central

policies. Ministry officials are even discussing with Mr Franco the sale of assets such

as Vale do Rio Doce, the state

mining company, and Telebras,

the telecommunications com-

Mr Franco's change of heart

\$10bn in taxes. Mr Fernando Antonio Habda,

Canada's Tories look to new generation for leader

By Bernard Simon in Toronto

CANADA'S governing Conservatives, seeking to rein-CANADA'S vigorate themselves before this year's general election, are shedding almost an entire gen-

eration of political veterans. Since Prime Minister Brian Mulroney announced on February 24 he was resigning as party leader, a string of senior cahinet ministers have succeed him.

Several have also said they will retire from politics at the election, expected in September or October. The rash of departures is partly a recognition by the old guard that the Progressive Conservative party needs fresh faces at tha top if it

is to overcome deep voter hostility. They also reflect the commanding lead built up hy Ms Kim Campbell, defence

The latest Mulroney veterans

to pull out of contention for

the leadership are Mrs Barbara McDongall (external affairs). who is quitting politics, and Mr Bernard Valcourt (employment and immigration). Other ministers who have Mr Don Mazankowski (deputy

industry), and Mr Benoit Bouchard (health). Mr Joe Clark, prime minister briefly in 1979-80 and who most

prime minister and finance),

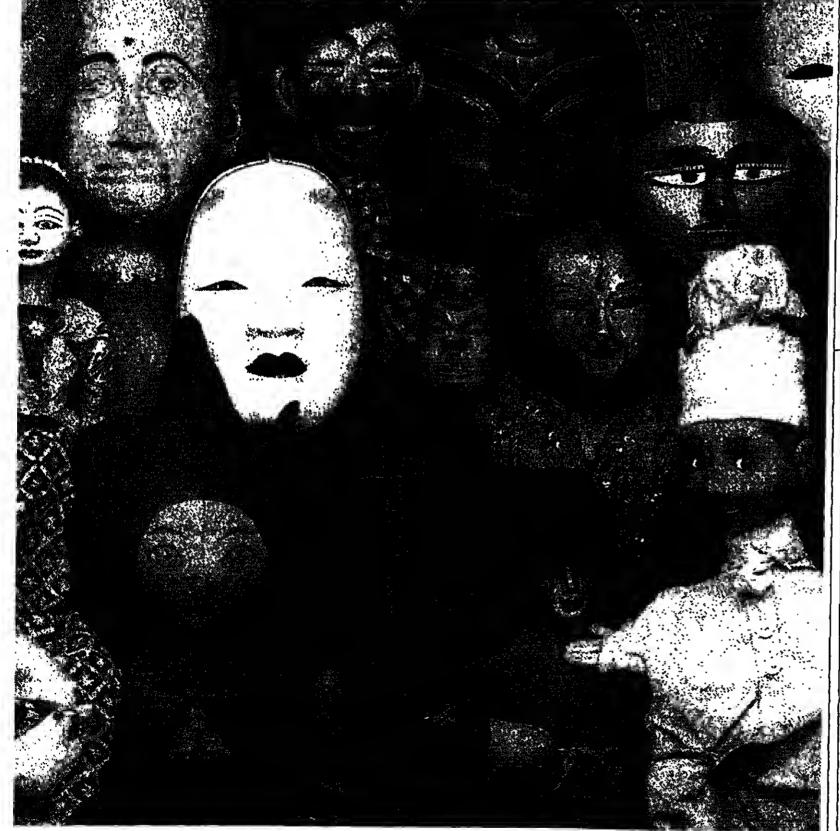
Mr Michael Wilson (trade and

Mr Mulroney's successor will be chosen at a convention in Ottawa on June 13. Senior party officials, including Mr Mulroney, are quietly encouraging members of the Tory caucus to throw their names into the ring, partly to generate public interest and partly to deflect unremitting scrutlny

also plans to leave politics.

of Ms Campbell. So far, only Mr Patrick Boyer, a respected but little-known backbencher, has formally announced his candi-

Two youthful cabinet ministers, Mr Perrin Beatty, who holds the communications portfolio, and Mr Jean Charest, the environment minister, are still expected to enter the race.



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BOEING

recently spearheaded efforts to draw up a new constitution,

1992 Results

Reports steady earnings

The Board of Directors of Lafarge Coppée, presided by Chairman Bertrand Collomb, met on March 9, 1993 to review the corporation's 1992

Net income, group share, totalled FRF 1,228 million, compared with FRF 1.234 million in 1991, while a rise in the average number of shares outstanding trimmed net income per share from FRF 24.3 in 1991 to FRF 23.4. The Board will ask the General Meeting of Shareholders 10 approve a dividend of FRF 9.00 or FRF 13.50 including tax credit, which is equal to the 1991 figure.

Despite particularly poor business conditions in Europe, Lafarge Coppée reported 1992 earnings on a par with the previous year's. The group was able to draw on its broad geographical base and the benefits of an unrelenting

While operations in cement, concrete and aggregates, and formulated products were undermined by a sharp deterioration of markets in France and Spain, operating prafits in North America showed signs of firming.

Lafarge Coppée pursued its drive into new areas- Turkey, Morocco, the Indian Ocean, Venezuela and Eastern Europe- where markets continued to

Allagether, the group reported worldwide cement sales of around 44 million tonnes, on a par with last year, with operating profit up slightly.

31,640 971 CAN CONTROL 32,543 89 47777577187874457 30,383

Nel income-group share 1,204

90 2 2 192

2,176

88 1,880

88 4 2 2 684

industrial capital expenditures

91 200 3,100 90 3,000 80 24 250 88 22 20 1,530

ividend per share

9.00 300 PM 80 485.5 8.75

Both gypsum business in Europe and corners in Brazil brought significantly higher earnings. In contrast, the sharp drop in lysine prices and the dollar's decline against other currencies wiped out the projected upturn in biochemicals

Exceptional items during the year included an additional payment oo bathroom equipment business sold in

Gross sales total FRF 30.4 billion, dawn 3.8% on 1991, although the decline is just 1% when figures are restated for identical structures and

Total capital expenditures and acquisitions came to FRF 3.6 billion, of which FRF 3.2 billion were financed out af working capital provided by operations, and FRF 0.5 billion from the proceeds of asset sales.

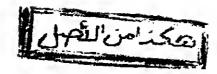
Consolidated oet debt totals FRF 9.7 hillian. compared with consolidated equity (including subordinated debt) of FRF 22.5 billion.

This gives Lafarge Coppée the sound basis it needs to pursue a strategy focused on expansion into high-growth markets and development of new

Consolidated and parent compan uccounts may be consulted of corporote headquarters: 93, rue Nationale, 92100 Boulogne-Billancourt, from March 24, 1993.

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orms .



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measurement. You wouldn't buy an information system on MIPS cost alone, any more than you'd buy a car using dollars per pound.

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Call for rapid Chinese reform revives fears of over-heating

By Tony Walker in Beijing

MR LI PENG, China's prime minister, yesterday demanded even quicker reform of the Chinese economy, which grew hy almost 13 per cent last year. prompting concerns about the danger of overheating.

Speaking at the opening session of the National Penple's Congress, China's parliament, Mr Li nutlined a sweeping prngramme of economic change aimed at strengthening market reforms and re-structuring the country's bloated state

But in a clear reference to concerns about bottlenecks in the economy due to extremely rapid growth in the past year, he also urged that a "basic halance" he struck between supply and demand. hina's economic planners

pressures such as those that undermined reforms in the 1980s. Indications of pressure on prices have already begun appearing in urban centres where double-digit inflatinn is being recorded.

Mr Li's remarks about the

economy, which accounted for about nne-fifth of a two-hnur speech, amounted to a careful endorsement of raforms initiated by Mr Deng Xiaoping. China's supreme leader, wbo was nnt present at the NPC, even though be is a delegate.

Mr Ll bas tended to be identified with conservatives who have not shown boundless entbusiasm for Mr Deng's

Mr Li also said that: The economy, which surged 12.8 per cent last year, would continue to grow at 8 or 9 per cent annually, for the rest of the 1991-95 five-year plan. Growth had averaged 7.9 per

market-oriented reforms.

• Continued growth of 8 per around the city's central cent to 9 per cent would ensure that China achieved well ahead of schedule its target of quadrupling Gross National Product between 1960 and the year 2000.

· China planned to slash lts giant bureaucracy by about 25 per cent, and sharply reduce the number of government departments. Little detail was provided as to how this would be achieved. China wnuld give particular

attention in the next five years to strengthening infrastructure, service industries and agriculture. Mr Li, a cautious 64-year-old Soviet-trained technocrat who seems certain to be endorsed for another five-year term as premier, was unrepentant about the 1989 Tiananmen

massacre in which hundreds of

pro-democracy activists were

shot by soldiers called in to

quell the protests in and

square.
"Domestically, in late spring and early summer of 1989, a counter-revolutionary rebellion caused turmoil in Beijing," he declared, adding that China had overcome "numerous difflculties" in maintaining social and political stability and promoting economic and social development.

"Our great socialist motherland will stand firm as a rock in the east forever." said Mr Li whn is hlamed by many Chinese for ordering the bloody crackdown on the

pro-democracy protesters. China'a NPC will run for about two weeks and, apart from endorsing revised economic growth targets, will also approve the election of new leadership personnel. including the appointment of a president nr head of state - a post expected to he filled by party boss, Mr Jiang Zeming.



Prime Minister Li Peng, President Yang Shankun and National Peoples Congress Chairman Wan Li

Vietnam Communist party sees writing on the wall

Observers believe the country will have to abandon Marxism-Leninism in a few years, writes Victor Mallet

HE STATUE of Lenin still stands tall in central Hanoi, A few blocks away you can go jogging around the lake in what is still called Lenin Park, or sit on a bench and read stories in the Vietnamese Communist Party newspa-per about fraternal visits by fellow-communists from nelgbbouring

Political scientists have noted with surprise hnw third world communist regimes, such as the one in Vietnam, have survived the collapse of their erstwhile patrons in the Soviet Union and eastern Europe.

Beneath the surface, bowever, Vietnamese politics is undergoing a change so profound that Vietnamese and foreign observers believe the ruling party will be obliged to abandnn Marxism-Leninism, transform itself into a broad-based "nationalist" front, and perhaps even permit npposition parties - all within a few

Party leaders, under Mr Do Muoi, their 76-year-old general secretary. nowadays barely mention communism or socialism in their speeches. The 2m-strong party, undermined by the collapse of international communism, finds it hard to recruit new members or to persuade existing members to attend meetings.

Since the late 1980s, Vietnam has in any case vigorously pursued a policy of doi moi or "renovatinn", a code word for replacing socialist economics with capitalism, foreign investment and the tenets of the free

When the Communist Party declared its acceptance of the free market economy, it meant that this party is not truly a communist party; they have dropped the communist system." says Mr Phan Dinh Dieu, a matbematician in Hanoi whose views are tolerated by the party and who is regarded by foreign diplomats as a sort of licensed dissident. "The result is that the party is transformed from a communist

party into a party of power."

Although it is widely accepted that few Vietnamese, even party mem-bers, still believe in communist ide-

ology, the party has tried to smooth the way for traditionalists by suggesting lamely that sharp changes of direction can be explained by the addition of the thoughts of Ho Chi Minh (the communist father of Vietnamese independence in the 20th century) to the policy of standard

"Our slogan is: 'Let the people become rich'," says Mr Tran Kien, deputy editor of the orthodox party newspaper Nhan Dan (The People). "Now we carry out the market economy but regulated by socialism. It means we don't give up Marxism-Leninism but continue to carry out this ideology including Ho Chi Minh's teachings.

The crucial question for Vietnam is whether the ruling party can man-age a peaceful transformation of the political system by steering a path between resentful communist hardliners and Vietnamese liberals especially those living in the US whn demand the rapid creatinn of a multi-party democracy. Vietnam's economic performance

a 8.3 per cent last year, and the country's 70m inhabitants, although still desperately poor, are becoming visibly more prosperous.
Vietnamese officials say that Russia and other eastern European states made grave errors by imple-

is certainly helping the transition.

Revised figures for gross national

product show the economy grew hy

menting democratisation before economic reform, a mistake which they believe led to anarchy and a consequent inability to pursue any economic reform at all: it is hard to find diplomats in Hanol who disagree with that analysis.

The flexibility of the Viemamese Communist party, its gen-uine nationalist credentials (in contrast to some of the Moscowinstalled parties of eastern Europe) and the absence of any organised opposition to the cautious liberalisation it is pursuing, also work in favour of peaceful political development. To counter the threat of opposition from Buddhist monks, the party is even said to have spread rumours that Mr Mnoi is secretly a Buddhist himself and has been seen in a pagoda.

"They [the Communist party] know it's nver, and they are even discussing among themselves the possibility of changing the name." says one Ho Chi Minh City businessman who used to work for the USbacked South Vietnam government before the communist victory in

They know and the people know it's over, but the idea of a collapse scares people. They are afraid of bloodshed and chaos, so even the most anti-communist people want slow change."

But the party's attempts to man-age a peaceful transition to a post-communist system will probably not go unchallenged, Unemployment, estimated at about 3.5m in urban areas, and widespread corruption in national and local government are both breeding resentment. Already Vietnamese who must now pay school fees can be heard complaining that the good aspects of communism - free education, for example - are being thrown out with the

Party spokesmen are evasive when asked about the future, pointing to the fact that the 1992 constitution enshrines the party as "the force leading the state and society", and falling back on the official policy of "democratisation within the oneparty system".

Others are more forthright about the imminent demise of the dictatorship of the single party. Mr Dieu, the free-talking mathematician, believes that the possibility of alternative political parties could arise in as little as two or three years. A diplomat in Hanoi says bluntly: "In five years the [Communist] party will be nationalist or social democrat."

A member of the party, a retired senior civil servant, explains how the party allowed a discussion on political pluralism a year ago. "Now it's finished; It was decided that It was not a good idea for Vietnam," he says. "But it's not forgotten."

Keating puts off poll on republic

Noi stud

AUSTRALIA'S re-elected Labor prime minister, Mr Paul Keating, yesterday ruled out a referendum on the abolition of the monarchy until after the next election, due in mid-1996.

Mr Keating said Labor remained convinced that Australians would not be "masters of our own destiny" until the 205-year-old link with the Britisb crown had been broken.

However, constitutional change would require a long period of public debate and negotiations with state governments, which would inevitably

take several years.

Mr Keating hoped the process could be completed by 2001, the centenary of the federation of the continent's six British colonies, which many Australians regard as the foundation of modern Australia. The prime minister's com-

ments are in line with Labor's 12-year-old commitment to gradual progress towards the abolition of the monarchy, which was confirmed by the party's policymaking confer-ence in 1991.

Mr Keating announced last month that Labor would appoint a committee to draw up plans for the transition to a republic, but the party did not seek to make the future of the monarchy an election issue.

Confirmation of the timetable for constitutional change will disappoint the republican movement, which gained strength last year after British criticism of Mr Keating's bandling of a visit by the

Republicans will also criticise Mr Keating for backing down on a promise to remove the British union flag from the Australian flag. The prime minister said a change of flag would have to await the estab-lishment of the republic.

In his first post-election press conference, Mr Keating moved to patch up relations with Britain. He said Mr John Major, the British prime minister, had congratulated him on Labor's election victory.

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By Robert Thomson in Tokyo

HAVING emerged from seven decades of communism, Mon-golia has sent a group of par-llamentarians to Tokyo to study whether the scandalprone Japanese political sys-tem should be copled by a country whose votera are

mostly nomadic herders. The timing of the Mongolians' study tour has let its 10 members witness the indict-ment for tax evasion of Mr Shin Kanemaru, fallen from grace as the all-powerful fixer of Japanese politics and now in a Tokyo detention centre.

Mr Kanemaru's plight and the durability of the ruling Liberal Democratic party hava fas-cinated officials from the Mongolian People's Revolutionary party, which recently renounced its communist past and likes to see itself as Mongolia's LDP. Playing to a pastoral audienca during a recent election campaign, the MPRP promised "104 calves for every 100 cows".

"We are very interested in the contradictions that created such widespread corruption," said Mr Batsuuri, the party secretary. "We are also very interested in the cleansing pro-cess that allows the Japanese political machine to go on

Mongolian officials have taken note of the US political system and are interested in British and German traditions of democracy, but Mr Batsuuri said that Japan holds special appeal because It is an economic and democratic success

story in an Asian setting. The Revolutionary party describes itself as a "social democratic" party and is one of "nine or ten parties" in Mongolia: the number has fluctuated with short-lived coalitions and even shorter-lived parties sprouting each month since the country's democratisation began three years ago.

Mr Hulan, international secretary of the Mongolian Notional Democratic party, the largest opposition group in the Great Khural, the Mongolian parliament, said the delegation wants to examine privatisation methods and the Japanese tax system. The interest in tax has more to do with sliding scales than the alleged evasion of Mr. Kanemaru. We have found Japanese politicians and hureaucrats to be very open about their problems," Mr

The Mongolians are intrigued by the LDP's factions but amused that their disputes have nothing much to do with ideology. According to Mr Batsuuri, the Revolutionary party has factions but they have "an ideological basa" whereas, in Japan, "factions are more tied to political personalities".

Mr Batsuuri said that the Japanese experience does show the advantage of "consensus-style politics". The English word "consensus" has recently entered the Mongolian vocabulary, as there was not much need for the concept after tha country's communist revolu-

Mongols | UN to enter uncharted territory in Somalia

Multinational force will have to impose law and order in a political vacuum, writes Leslie Crawford

T NITED NATIONS troops preparing to take over command from the departing US Marines in Somalia in May face a near-impossible task.

With most of the country still at the mercy of warring clans and armed bandits, tha 28,000 strong multinational force will be required to impose law and order in a politi-

cal vacuum.

This is uncharted territory for the UN. The mandate of the new opera-tion, code-named Unosom II, will have to go beyond the first small 400-strong task force, sent to monitor a non-existent ceasefire in Mogadishu, and even beyond the US-led military intervention in December, which secured a short hreathing space for aid agencies to reach starying Somalis outside the capital.

Commanders of Unosom II are pressing to be given active rules of engagement to disarm warlords and bandits, who continue to loot and pillage with impunity. However, they are aware that military inter-vention is not a panacea for the inability of Somalis to start the painful process of national reconciliation after the traumas of dictatorship and a two-year civil war.

"If you pulled out tha foreign troops and tanks, this place would fall apart," says Gen Imtiaz Shaheen. the departing commander of Unosom I. "Unless the Somalis begin to address their political and social

problems, UN intervention will lead to a new form of colonisation."

The absence of a Somali government has already created a de facto administration run by the UN and US task forces and the international aid agencies. A "cahinet" meets every morning at 8am at the fortified Unosom compound in Mogadishu to discuss the accurity situation and

plan relief work.

The collapse of the economy has also transformed the aid agencies into the country's main employers and benefactors. The UN's World Food Programme estimates that more than 2m Somalis, one third of the population, are dependent on relief agencies for food, water, health care, seeds for planting, and agricultural tools. And while the presence of the US-

led joint task force afforded military protection for immediate famine relief work, it has also created a new security problem for aid agencies. They have become soft targets for bandits who used to be employed in the protection racket husiness before the US Marines put an end to this lucrative source of income.

"Before the US Marines landed." says Mr Rhodri Wynn-Pope, relief co-ordinator for southern Somalia with the international agency Care, "we were heing absolutely ripped off". Care was paying \$150,000 (£106,000) a month to security gangs to guard its food stocks at the port.



An angry Somali woman berates a policeman yesterday after waiting hours to be told the food supply is exhausted

Other "contractors" had to be paid to guard food convoys, to negotiate road blocks, and to pravent food from being looted at its destination. Military intervention broke the cycle of extortion, hut created an underworld of armed thieves who outside their compounds without

have murdered threa foreign aid workers in the past two months.
"We feel less secure now," says Mr lan MacLeod at Unicef. "Aid agencies were not targets last year." Aid

armed escorts. All agencies have imposed a 6pm curfew.

Aid agencies believe that Unosom

II's mandate is doomad unless it tackles the problem of disarmament and rehabilitation simultaneously. "The banditry and lawlessness in

Somalia is a social problem," says Mr Wynn-Pope, "Warlords can talk their men back to the barracks, but bandits need to be given productive

jobs to give up their guns."
With Somalia's famine emergency over, the UN and aid agencies are beginning to concentrate on the daunting task of resettling almost 2.5m Somalis displaced by the civil war. Of these, Im people are sitting in refugee camps outside Somalia. Neither the military nor the humanitarian agencies of the UN have ever undertaken a logistical task of this

Relief agencies, critical of the UN's performance in Somalia before the arrival of the US-led task force, fear that the country will slide back into anarchy with the pull-out of US

troops.
"The US armed forces have a cohe sive administrative and logistical command chain that the UN finds difficult to match," says Mr Wynn-Pope, himself a former British army officer. "US troops were seen as the tough guys with hig guns, whereas the UN has little credibility with the

Mr Jamie McGoldrick, deputy field director of Save the Children Fund UK, goes further, "The UN does not understand the scale or the complexity of the Somali problem. They think it is a six-month joh, whereas it may take 10 to 15 years to restore

Peace cost put at \$1.55bn

By Michael Littlejohns, UN

THE peacekeeping operation in Somalia that the United Nations is proposing to begin on May 1, replacing most of the US troops there, will cost \$1.55hn (£1.1hn) in the initial 12-month period, according to an estimate given to the Security Council yesterday. This is more than the official

estimate of \$1.41bn for Cambodia, now the most expensive such UN enterprise. However. the linal Cambodian hill is expected to be nearer \$2bn.

Mr Boutros Boutros Ghali,

the UN secretary general. based the figures for Somalia with 8,000 additional logistical support staff, plus about 2,800 civilian personnel.

In his report he proposed that the Genaral Assembly. the budget, declares this to be an expense of the entire organisation shared by all 180 member states, with the US the biggest contributor.

The cost of the military component of the operation was placed at \$836m, with an additional \$180m for air operations.

It would hring UN peacekeeping expenses for 13 operations this year to a total of \$4.205bn, about four times the regular hadget.

· Somalia's fending factions, clan elders, and religious leaders began yesterday what has been billed as a "last chance" to salvage their wrecked nation, Reuter adds from Addis

Today's currency markets are scurrying in all directions.



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NEWS IN BRIEF

Iranian jets 'bomb Kurdish hospital'

THE WIFE of French president François Mitterrand, Mrs Danielle Mitterrand, said yesterday at least six Kurdish civilians were killed and many hurt when Iranian aircraft bombed a French-run hospital on the Iran-Iraq border at the weekend, Reuter reports

Mrs Mitterrand, head of the privately-funded human rights group France-Libertés, added that searches were under way for more bodies in the debris of the hospital at Raniya after air raids

on Saturday and Sunday. She said the hospital was on Iraqi soil, in an area controlled by the rebel Democratic Party of Iranian Kurdistan (PDKI) and inside the Western allies' air exclusion zone set up to protect

Saudi Arabia holds Islamic leader Sandi Arabia has arrested the head of a radical Islamic group and

three of his aides while they were in the kingdom on a Moslem pilgrimage, according to an Islamic Jihad official, Reuter reports

Sheikh As'ad Bayyud al-Tamimi, leader of Islamic Jihad (Jerusalem), said Saudi security agents seized Mr Fayez al-Asswad, the leader of another Islamic Jihad splinter group called the Islamic Jihad Movement for the Liberation of Palestine (al-Aosa Battalions), and three of his aides in Jeddah last week.

ANC calls for jail deaths probe

The African National Congress called yesterday for an immediate investigation into the deaths of detainees in South African police custody after another suspect was found dead, the ninth this

year, Reuter reports from Johannesburg.

The suspected robber was found dead in a cell on Sunday after being arrested following a beating by security guards at a shopping centre near Johannesburg, police said.

India PM accused of cover-up

India's parliamentary opposition party, the Hindu nationalist Bharatiya Janata Party (BJP), yesterday accused Mr P.V. Narasimha Rao, prime minister, of a cover-up over a spate of bomb blasts in Bombay which killed 250 people and demanded his resignation, Reuter reports from New Delhi.



Olympic rings up for grabs from business

By Gillian Tett

THE OLYMPIC rings symbol is to come under the exclusive control of the British Olympic Association in the UK. Mr Peter Brooke, heritage secre tary announced today.

Under legislation, expected to be passed by parliament soon, the association will have sole rights to sell the logo to promoters. Until now, its use has been unregulated, and a number of businesses have adopted versions.

Mr Brooke said the move reiterated the government's support for the bid by Manchester, north-west England, to host the Olympics in 2000. The International Olympic Committee requires countries hosting the games to provide a copy right guarantee for the symbol.

The association hopes to raise at least £2.5m from the sale of rights to the logo to sponsors. Companies wishing to use the symbol will have to nav "at least a six figure sum" to become official sponsors and companies which breach the

Sharp rise in factory output boosts recovery

By Peter Marsh and Allson Smith

SHARP RISE In manufacturing production has provided a favourable background for today's Budget by adding to expectations about a

Manufacturing production rose a seasonally adjusted 0.8 per cent in January compared with the previous month, well above expectations in the City. News that manufacturing

output was the highest since August 1991 coincided with growing speculation that Mr Norman Lamont, chancellor of the exchequer, will seize the opportunity in his Budget speech to raise taxes from 1993-94 to curh the growing fiscal deficit.

Pressure on Mr Lamont to take bold action on this front increased last night after Lord Lawson, the former Tory chancellor, said failure to raise taxes by £6bn would be a "serious mistake".

At a conference in London, Lord Lawson said a tax rise of this magnitude "could prove a political and economic turning point that is so badly needed". Also, in a surprising departure from his previous enthusiasm for the European exchange rate mechanism, Lord Lawson said it was "only a matter of time" before the ERM broke down after the pressures of German unification and the drive towards a single curflexibility.

Further indications that the economy may be turning came yesterday with a survey by Trade Indemnity, credit insurers, showing that exporters have increased their order books in the past three months, taking advantage of the 15 per cent devaluation in ERM in September.

The Ombudsman for Corpo-rate Estate Agents, an indus-

try appointed body, provided further evidence of a revival in the UK housing market by reporting a strong rise in house sales last month.

In recent weeks Mr Lamont has been advised by many in the City and by his own backbenchers that ha should head off - through a tough tax increase - the possibility of Britain moving towards Italian-style hudget deficits. According to this argument, the more favourable signals

weeks mean the risk of stifling an upturn by a fiscal tightening has been greatly reduced.

Yesterday's release of the manufacturing figures was accompanied by a warning from the Central Statistical Office that the monthly data may have been distorted by the timing of the Christmas holidays. Even so, in the three months to the end of January, manufacturing output rose by 0.7 per cent compared with the

That was the biggest year-onyear increase on a threemonthly basis since mid-1990. All production industries including energy, water and manufacturing - showed a 0.4 per cent drop in output between December last year

and January Output of oil and gas fell a per cent between the two months, largely because of oparating difficulties in the North Sea due to high winds.

MAASTRICHT

Major aims to ratify treaty by end of July

MR JOHN MAJOR is sticking to his target of ratification of the Maastricht Treaty by the end of July despite last week's defeat in the House of Com-

Amid signs yesterday that some "soft" Tory Euro-sceptics were reconsidering their opposition to the government. proposed timetable for the leg-islation still allowed for ratification before the summer

The prime minister has told close associates that be is

Maastricht should not he allowed to wreck October's Conservative party conference

To avoid a damaging confrontation similar to that in 1992 the bill would have had to have passed all the remaining hurdles - including the House of Lords - before Westminster closes for the summer break at the end of July.

Ministers acknowledged that the government still faced possible defeat on a number of opposition amendments.

that the lagislation will ba

are successful in pressing new amendments to remove Britain's opt-ont from the

But barring a dramatic set-back on the social chapter, the plans now pencilled in by the government assume that the ent committee stage of the legislation will be completed before the second Danish referendum on May 18th.

That timetable is based on the fact that six groups of amendments to the legislation bave still to be discussed in the committee stage.

Each of those could be expected to take one or at most two

With the government allocating two days a week to the legislation, that implies a further five or six weeks in com-

Allowing for intervals necessitated by the Budget debate this week and for a two-week Easter recess, the committee stage would then be wound up

Ministers are increasingly optimistic that the report stage for the legislation - necessitated by the passage of opposition amendments - will be relatively short. That would provide for the final third read-

lation to take place at the end of May or early in June. That in turn would give the House of Lords at least a month to

debate the treaty. The government acknowledges that a hard core of between 30 and 40 Tory opponents of tha treaty will con-tinue to harry the legislation at every opportunity.

But a public announcement yesterday by Mr George Walden, the former minister, that he would drop his opposition was seen as a signal that some Tory MPs who have previously

Britain in brief

substandard quarter of Europe's rivers fall below European Commn-nity environmental standards,

the European Commission said, as it announced a wide-ranging review this year of all its directives on water quality. Mr Tom Garvey, deputy director general of the Commission's environment directorate, told an FT conference

in London that some EC standards might be modified or dropped in the light of new scientific evidence, adding that be was disappointed at the lack of improvement in EC water quality in the past 20

Boyd finds pit is viable

British Coal faces severe difficulties in closing its Grimethorpe colliery, one of 10 pits where production has ended, after an independent consultant rejected its argument that the mine is financially unviable. The support for Grime-thorpe by John T Boyd, a US consultant appointed by the government, will add to British Coal's problems when it returns to the High Court, probably next month, to put its

Swiftcall wins calls licence

case for the closures,

A company selling interna-tional calls from Britain to Canada and the USA at substantial discounts from standard British Telecom tariffs

has begun operations. Swiftcall, based in east London, is one of the first companies to gain an International Simple Resale (ISR) license from the department of trade and industry.

The DTI has so far anthorised only Australia, Canada, and Sweden for simple resale competition because it believes no other countries have a sufficiently open regulatory regime.

Scots growth forecast in 1993

The Scottish economy is forecast to resume growing in 1993 after declining in 1992. Mackay Consultants, a firm of eco-nomic consultants, believe that Scotland will benefit from the devaluation of the pound because its industries are more oriented towards exporting than the UK average.

Hunt for new tourist chief

The government has turned to headhunters Tyzack Accord to find a chairman of the British Tourist Anthority after failing to attract a suitable candidate to replace Mr William Davis, who leaves at the end of this month. Tyzack has also been asked to find a new chief executive for the BTA to replace Mr Michael Medlicott who is to become European vice president of Delta Air Lines, the US carrier, next month.

Pubs lobby for lottery option

The Brewers' Society is to the country's 65,000 pubs to sell national lottery tickets. Ministers have indicated that puhs would be excluded to distance tha lottery from harder forms of gambling and to avoid the risk of reducing charity collections. Mr Robin Simpson, Brewers' Society director, said: There is no hard gambling in pubs and there is no evidence that charitable giving would suffer if tickets were sold in pubs. In many places, especially rural areas, the pub is the community centre and sometimes the only retail out-

Private dinner on Birt's fate

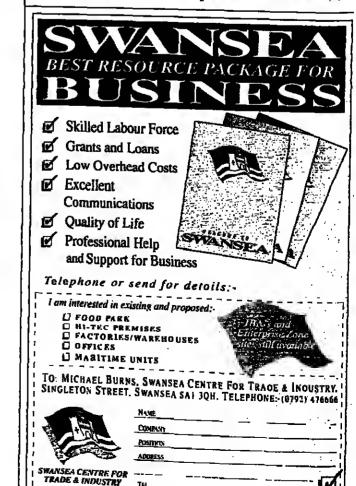
expected to meet at a private dinner in London tonight to try to find a solution to the bltter row over Mr John Birt before Thursday's formal

board meeting. It will be the first time the governors have met since the revelation that Mr Birt was for six years a freelance consul-



tant rather than a staff member of the BRC, despite being deputy director general, and was paid via his private com-pany, John Birt Productions.

The dinner will raise echoes of the one held two years ago when Mr Marmaduke Hussey. BBC chairman pictured above, pushed through the controversial decision to nominate Mr Birt as director general designate rather than advertise the



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Government backs down on EC job laws

THE GOVERNMENT baa conceded defeat in a court case over the contracting-out of public services, following legal advice on the relevance of European Commission legislation that protects the terms and conditions of staff when jobs are transferred from the public to the private sector.

The court case concerned a decision by the health author-ity in Sonth Glamorgan, Wales, to contract out the canteens of three bospitals in Cardiff. The health service union CoHSE applied for a judicial review over the failure of the authority to apply the Transfer of Undertakings (Protection of Employment) regulations 1981, which implement the EC legislation in the UK.

The case was due to be heard next week, but has now been halted after the government received legal advice that the Tupe regulations applied. Government lawyers are negotiating with CoHSE over the costs

and other details. The decision comes after a nnion campaign against contracting-ont. They say con-tracting-out has led to job cuts and inferior employment terms in the past.

But the government's move has angered contractors which believe that the government will find further progress on contracting-out difficult.

Confusion over the legislation has already delayed the

government's market-testing programme under which almost \$1.5bn of public sector work has been transferred to

the private sector. "The government has effectively thrown in the towel," said Mr Cliff Davis-Coleman of Clause 26, a contractors' pressure group. "This will provide a green light for Tupe to apply in all public sector contracts. It makes a nonsense of the government's entire market-test-

Ministers accept that most contracting-out will be covered by Tupe after failed attempts persuade the EC to amend the laws.

Mr Padraig Flynn, the EC Commissioner for Social Affairs, said on BBC-TV's On The Record last Sunday that there was no general wish to amend the legislation. "It must he remembered at all times that we are concerned about the protection of workers and their rights." he said.

Government ministers helieve the decision could make it harder for existing staff to bid for their work if it is affected by contracting-out.
If the jobs, pay and conditions of staff are protected, there would be no need to invite an in-house bid for the contract, they say.

 Notices of dismissal issued to 180 computing and financial services employees in four London borongbs were rescinded yesterday after it was accepted that the Tupe regulations applied.

Call on UK government to simplify equality laws

THE EQUAL Opportunities Commission yeaterday urged the government to simplify "grotesquely complex" equal pay laws.

The call follows the settlement of a seven-year case involving five women employed by H&J Quick, a Ford dealer in Manchester, north-west England. They were awarded a total of £15,000 when a tribunal found that their work as administrators and financial clerks was of equal value to that carried out by higher-paid men working as parts salesmen, van drivers and car cleaners. Only one of the women still works for the

H&J Quick, which has paid the money, said it "felt it was the right time to settle". It said the law was very complex and a lot of management time had been spent on the issue.

Ms Elizabeth Whitehouse, the opportunities commission lawyer who represented the women, said the government should use the employment bill currently before parliament to aimplify the equal pay laws. The grotesquely complex procedures that have forced these women to battle for seven years before winning their right to equal pay can only be condemned," she said.

The commission wants to see the existing sex discrimination act and equal pay acts replaced with a single equal treatment act. Currently, there are long delays before cases are brought before tribunals.

Upturn predicted for construction equipment

By Andrew Baxter

AN UPTURN is in sight for the construction equipment industry after three consecutive years of "devastating" decline, according to the London-based Corporate Intelligence Group.

Unit sales of construction equipment such as excavators, loaders, and dumptrucks fell 3 per cent last year to 8,910, the

group said. Demand was the

a decade - sales were still considerably less than the peak of 22,544 units in 1988.

The group said the mood of more than 40 leading equipment distributors and manufacturers interviewed last mooth was bleak "with an overwhelming resentment against the government for doing so little to relieve the

eral consensus that the worst was behind the industry. Recovery would be patchy and slow to begin with, but demand

should strengthen by mid-1993. The group said unit sales will rise by 21 per cent in 1993, even if the government does little more tn stimulate the economy. It cites a number of factors to support this forecast: Interest rates are down to

users can contemplate new

purchases with realism. • Good second-hand equipment is hard to find, with a significant proportion of the stock of used machines having been shipped overseas in the last two years.

• Machines sold at the peak of demand are coming up for renewal. Although they will not be replaced nn a one-forcomfort for dealers.

The group says demand will probably recover first in the plant-hire sector, resulting in sales increases for backhoe loaders, smaller crawler excavators, mini-excavators and skid-steer loaders. Demand for larger equipment types, such as rigid dump trucks and heavier crawler excavators, will be alower to recover.



Janet Naylor works on the statue of Eros from London's Piccadilly Circus. Eros, a memorial to the 7th Barl of Shaftesbury, the Victorian philanthropist, was taken down last December to repair damage caused by vandals swinging on its leg and will be returned, strengthened, in time for its 100th anniversary on June 29. Westminster City Council has rejected suggestions that the original aluminium statue, created by the Roglish sculptor Sir Alfred Gilbert, should be replaced by a more durable replica. The 230,000 restoration by Naylor Conservation in Telford, Shropshire, should leave the original stronger than before it was damaged

Names win stop-loss claim ruling

By Richard Lapper

MORE THAN 100 Names yesierday won a High Court ruling allowing them to recover directly claims on stoploss insurance policies - personal reinsurance which cov-

Lloyd's unsuccessfully argued that the claims under the policies should first be paid into premium trust funds which contain premium income earned by Lloyd's underwriters from insurance

business. The ruling could ease the cashflow problems of some loss-making Lloyd's Names, who are among several thousand facing beavy losses at the inaurance market. Overall iosses over the past five years are expected to eventually

amount to more than £5bn. Mr Justice Tuckey in the Commercial Court ruled that Names - individuals whose assets support the Lloyd's market - are entitled to receive recoveries directly from bro-

Mr Tuckey held that recoveries were not payable directly to the premium trust funds unless specifically stated in the policy or unless the Name had signed an "irrevocable" letter of authority assigning the money to their premium trust fund. A directive that all stoploss recoveries must be paid to the trust fund issued last year by Mr David Coleridge, then chairman of Lloyd'a, was ruled invalid.

A two-week moratorium on the ruling was agreed so that Lloyd's could consider whether

Vander, 60 Several hundred fresh job losses expected at Leyland Daf

By Kevin Done. **Motor Industry Correspondent**

A FURTHER round of johs cuts at Leyland Daf is expected in coming weeks as the receivers act to cut excess stocks and to bring vehicle output into line

with forecast demand. The next wave of redundancies is expected to involve the administrative receiver, said

loss of several hundred jobs.

The administrative receivers of Leyland Daf, UK subsidiary of Daf, the Dutch commercial vehicle maker which collapsed into receivership six weeks ago, last month cut 1,715 of the company's 5,500 strong UK

Mr Murdoch McKillop, joint

vesterday the company was market, likely to be trading in receivership for months rather than weeks. We must make sure that the balance between sales and production is correct."

All three Leyland Daf plants were back in production, and the receivers were now studying what levels of output could

The most advanced plan for rescuing the constituent parts of the Leyland Daf operations concerns the proposed management buy-out of the van business based in Birmingham.

"I think there is a good chance that something will happen. They have had encouraging discussions with institu-

tions. I would hope to be able to formalise plans in the next few weeks," said Mr McKillop. Mr McKillop has held talks in the US with Paccar, the North American truck maker, to explore its interest in the

Leyland truck plant, but plans are also being pursued for a management buy-out

operations is complicated by the continuing confusion over its future relations with Daf Trucks, the new Dutch/Belgian company formed to take over the core medium and beavy truck operations of the old Daf

The success of a management buy-out or outside acquisition of the Leyland plant to gain access to Daf Trucks' continental dealer network for sales of its UK-built 45 series light truck range. Daf Trucks must be "the

appears to hinge on its ability

most obvious candidate" to market the 45 series in continental Europe if it is "able and willing to make a commitment," said Mr McKillop,



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"THE GESTALT of the gigabit" is President Bill Clinton's new catchphrase for the high-technology focus of his administration. He has proposed a \$17bn (£11.9bn) four-year plan for new and expanded federally-funded technology projects and tax incentives.

Creating new "high-value jobs" is the primary goal of the Clinton technology policy, which the president unveiled during a visit to Silicon Valley last month. He called for the creation of a "public-private sec-tor partnership" that will generate investment in technology development and encourage the formation

of high-tech companies. We want to "generate more of these kinds of companies, more technological advances to keep the US alwaya on the cutting edge of change and to make sure that we'll be able to create a lot of good new jobs in the future," the president told workers at Silicon Graphics, the computer workstation company where he unveiled his technology initiatives.

Almost 40 per cent of the proposed technology budget is in the form of research and development tax credits designed to encourage private-sector investment. Responding to industry demands, the president has proposed the tax credit be made permanent. Over the past few years the tax credit has heen enacted each year, but only after it expired, so companies could not count on it when drawing up their R&D hudgets.

The president's broader economic plan also includes tax incentives for long-term investment in small companies and some tax relief on capital investments for larger companies. However, the tax cuts will be at least partially offset by an

increase in corporate tax rates. On the spending side, the Clinton technology policy proposes a significant shift in the use of federal funds to back non-defence research. In fiscal 1993, the civilian share of the total federal research and development budget was approximately 41 per cent, or \$27.9bn, according to the administration. The president aims to increase this to more than 50 per cent, or \$36.6hn hy 1998.

In future, the US government will play a direct role in belping compa-nies to develop and profit from innovations rather than funding defence or space missions that serendipitously provide "spin-offs" for the commercial sector.

The flagship of the technology plan is the "information superhighway" scheme: a nationwide high-speed broadhand communications network linking husinesses, schools, libraries, hospitals, government offices and, ultimately, homes.

Stoking up the engine

Another example of "industry government partnership" in the Clinton technology policy is the advanced manufacturing initiative which will provide matching funds to industry consortia, using Sematech, the US semiconductor industry research group, as a model.

The federal government will also match state and regional funds to create a national network of "manufacturing extension centres" that disseminate information on the latest manufacturing technology.

The National Institute of Standards and Technology's advanced technology programme will be significantly expanded to provide matching grants to industry-led research and development projects including consortia such as Sematecb. Funding for Nist would he increased from \$381m in 1993 to \$1.2bn in 1997. Other national laboratories will also be drawn into the effort to boost industrial competi-

The Clinton policy sets a target of 10 to 20 per cent of the budgets of the labs being devoted to research and development partnerships with industry. Clinton also aims to cut spending on "big science" projects, while maintaining basic research as

a high priority. Although sceptical about how much impact these programmas will bave, US high-technology Nasa civil aviation and short-haut aircraft research \$1.331m \$2,649m

Clinton's technology proposals (additional funds) 1994-97

industry executives are generally happy with the Clinton administration's increased focus on technol-We are pleased to see the new administration emphasising the high-technology segment as the key national, an industry trade group.

The president's leadership in establishing programmes and policy to rehuilding the manufacturing directions geared to advancing the

infrastructure of the US," said William Reed, president of Semicondnetor Equipment and Materials Inter-

\$17.03 tm

Big science on the development and use of technology will have more impact than the money being spend on technology policy, said Ed McCracken, presiback burner dent of Silicon Graphics. The high-tech industry is also responding keenly to the president's

call for industry-government co-operation. Semi, for example, is proposing a government-backed consortium to develop manufacturing technology for flat panel distwo biggest US science projects of the 1990s: the \$30hn plays, such as those used in portable computers. Currently, Japan dominates this market. (£20.9bn) space station and an \$8hn atom smasher, the superconducting super collider.

The readiness of US high-tech industry groups to accept a more activist role by government is in some ways surprising. Silicon Valley, in particular, has long been known for its independent, entre-preneurial companies. "Thare is still a cowboy spirit in Silicon Valley, we like to think we can take

care of ourselves," says McCracken. Nonetheless, he believes that an "arm's length" relationship between industry and government no longer makes sense. "With the issues facing our country today, in particular the need to create jobs, I believe that we have to work together."

Yet to he seen, bowever, is wbether the policy will produce a net increase in employment. Although a sampling of almost 700 venture capital-hacked start-up companies created over 22,000 jobs last year, according to a recent survey, total employment in the US electronics industry has declined in each of the past four years.

New companies are not creating jobs as fast as established companies are laying off workers. It is also evident that technology eliminates jobs - on the factory floor and in the office. Yet to remain competitiva companies bave to become more productive and cannot afford to be afraid of losing jobs, industry executives say,

"If you assume that those jobs are going to go away, then you have to deal with the problem. One of the things I like about the Clinton programme is that he seemed to be ready to tackle this issue," says McCracken.

The ability to adjust to the rapid changes brought about by technology advances is one of the trademarks of a successful high-technology company. The government, Clinton says, must work more like that, adopting the philosophy of the high-tech industry, or the "gestalt of the gigabit".

"I believe my joh as president is to try to adjust America so that we can win in the 21st century, so that we can make change our friend and not our enemy."

Louise Kehoe

The outlook has never been more uncertain for what were supposed to be the

Although President Clinton favours both, many observers believe his commitment is far from wholehearted. They doubt whether he would invest much political capital in trying to save either project in the face of intense pressure from congressional

hndget-cntters. According to John Gibbons, the new White House science adviser, hig science projects may have been given too much urgency "compared with other priorities in terms of our national recovery and putting in place an investment strategy for future economic progress"

The Clinton administration's proposal for the SSC is to persevere with the existing plans to build the world's largest particla accelerator in a 86km tunnel beneath the plains of Texas, but to postpone the 1998 completion date by at least two years in the hope of defining more closely the complex equipment required and attracting international partners.

European nations will not contribute because they prefer to invest in their own accelerator at Cern, Geneva. Asian countries have resisted US requests to join the SSC and, even if Japan succumbs, foreign contributions are unlikely to come close to the \$1.7bn originally expected.

There is no question about the SSC's scientific value, says Gibbons: "They're trying to solve some eternal questions about the nature of matter." By recreating on a small scale the conditions of the early universe soon after the Blg Bang, physicists hope to gain a new understanding of fundamental forces and particles.

But cynics suggest Clinton's support for SSC may be more closely related to shoring up his reputation in Texas, where there is an election in May for the Senate seat vacated by Lloyd Bentsen, than to his interest in the origins of the universe. In the case of the space station

Freedom, Clinton has told Nasa to undertake a complete redesign to cut costs, currently estimated at \$31bn. "We want to take a fresh look at this and not just take the existing station and start peeling away the pieces," said Daniel Goldin, Nasa administrator.

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The space station has soffered several scaling-down exercises since President Reagan initiated the project in 1984, with the goal of having Freedom in orbit by 1994. The likely operational date has now slipped to 2000, although Nasa has already spent \$8bn on preparatory work.

The latest design review and accompanying political uncertainties have left Freedom's supporters in Congress and the aerospace industry feeling confused and apprehensive.

"My biggest fear is that the whole programme could be lost if Congress votes against it when the new design is presented in June," says Tom Williams of McDonnell Douglas. Space station contracts keep 2,500 people employed et the company's aerospace centre in southern California.

The fate of Freedom will have ramifications well beyond the domestic aerospace industry because the project has international partners, notably Japan and the European Space Agency. Their representatives are now in Washington working with Nasa's redesign team.

Esa plans to spend \$2.9hn over the next seven years on its contribution, a manned laboratory to be attached to the main US space station. "This could come ont positively for Europe, if our support becomes more important to Nasa because they have to drop some of what they were planning to do," says Daria Robinson of Esa. Or it could turn out negatively if the Americans cut down the project to the point where it is no longer interesting to take part."

To keep its options open, Esa is also discussing co-operation on future space stations with Russia. Esa may provide a module for the Russian Mir-2 in the late 1990s. But Nasa too is talking about bringing Russia into its plans and optimists believe there is now an opportunity of making the space station into a global project.

Clive Cookson

Information superhighways

he flagship of the Clipton technology plan is the development of "information snperhighways", a nationwide communications network.

Building on a programme established in 1991 by legislation spon-sored by Vice-President Al Gore when he was in the Senate, the scheme is an ambitious effort to "jumpstart" the construction of networks that the administration says: "have the same effect on US economic and social development as public investment in the railroads had in the 19th century". Key elements of the plan include increased federal funding for R&D in supercomputers, high-speed networking and software and a programme to subsidise the construction of networking linking schools, hospitals and libraries. Sensitive to charges that the

programme is an example of "high-tech pork", administration officials stress that the government will not award big contracts to one or two companies. "We are trying to energise the private sector, create the competition that will ensure that the best technology gets out quickly and provide the leadership so that everyone is

moving in the same direction," says Mike Nelson of the Office of Science and Technology Policy.

Already, there has been an enthusiastic response to the information superhighways proposal in Silicon Valley, according to Ed McCracken of Silicon Graphics.
"The local telephona and cable companies are accelerating plans

to install high-speed lines. Potential uses of high-speed networks in bealth, education and husiness - have become "the subject of cocktail conversation", he says.



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Clive Cookson

apan is facing a crisis of entrepreneurship. The sharp downturn in the Japanese economy has brought small business confidence close to the lows it reached at the depths of the 1975 recession caused by the rise in oil

Small business bankruptcies are about 40 per cent up on a year sgo. compared with about 4 per cent for large companies. Employment in family enterprises is falling at an annual rate of about 10 per cent a year, compared with a continued moderate rise in salaried employment at large businesses. This downturn comes after a lengthy period of stagnation in small husiness performance, with declining rates of start-up and falling labour and capital productivity.

Japanese small companies have been a vital spark of creativity in Japan. Many of the household names of Japanese manufacturing had their roots in entrepreneurial companies, founded after the second world war. The Honda Motor corporation started in a motorbike repair shop and Matsushita, the largest integrated electrical appli-ance maker in the world started as

a smail components manufacturer. Small husinesses are a vital source of flexibility, acting as subcontractors to larger groups. They have also provided employment sta-

Between 1981 and 1991 the share of employment accounted for by small companies, employing less then 300 workers, was stable in construction and real estate and fell marginally in manufacturing, retailing, financial services, transport and services. About 80 per cent of the Japanese workforce is employed in small companies.

The stability of small husinesses' share of employment in Japan has been one of the main reasons for the country's low unemployment rate which did not rise above 3 per cent in the 1980s. But there is mounting evidence that the economic downturn has hit Japanese small businesses at a time when they were already running out of steam. A combination of structural factors and the sharp cyclical downturn means small businesses could be facing a shake out which could have far-reaching consequences for

the economy. The rate of business start-ups declined from about 7 per cent of all enterprises in the early 1970s to close to 4 per cent in the late 1980s. The net rate of business creation. the number of openings minus the number of business closures, stands at just under 1 per cent, according to official statistics gathered by the Ministry of International Trade and

But even that understates the decline in entrepreneurship. Start-

The decline in Japan's entrepreneurial spirit may have far-reaching economic consequences, reports Charles Leadbeater

Rekindling the creative flame

ups by independent entrepreneurs now account for less than half of new enterprises. The rest are sub-

sidiaries of large husinesses.

Moreover Japan's small husinesses have gradually become less dynamic. In 1975 they were 62 per cent as productive as Japan's large companies. In 1990 they were only 50 per cent as productive, according to Miti figures.

One of the main reasons for the fall in labour productivity is that since the 1970s amail husinesses have been a vast "labour-sponge" soaking up workers displaced from manufacturing companies. These have maintained their international competitiveness hy streamlining

Now small companies are facing a number of pressures which will force them to restructure too, making It more difficult for them to soak up labour which is being shed from larger companies.

 As small companies get about 60 per cent of their finance from banks, they are vulnerable to a more restrictive approach to lending by the banks which are burdened by mounting bad loans. Banks are taking a more cautious approach to lending to risky small businesses, after a rapid expansion of lending in the mid-1980s.

 In manufacturing small sub-con-tractors will feel the brunt of moves by large companies to cut costs hy lengthening product cycles and reducing the number of model variations. This means manufacturers will need fewer components made by fewer suppliers. Small basinesses in manufacturing are heavily exposed as about 56 per cent of them are sub-contractors.

• Small manufacturers generally make less sophisticated products than large companies and are thus more vulnerable to mounting competition from rapidly industrialising low-wage economies.

• Deregulation in retailing is making it more difficult for small companies to compete with large groups. Between 1988 and 1991, the number of large retail outlets grew by 9.4 per cent, compared with a fall



The economic downturn has swept away many family enterprises

of 1.8 per cent in the number of small shops, according to Miti. • Many small companies are trapped by the rise and fall of Japan's land prices. The rise in land prices during the speculative bubble economy of the late 1980s made it difficult for small companies to get started. However, small businesses which used land holdings as collateral to increase their borrowing now face a tight financial squeeze. According to Miti's estimates a 30

per cent fall in land prices would require small husinesses to reduce their outstanding debts hy about 27 per cent to maintain a constant

ratio of debt to assets. Commercial land prices have fallen by between 4 per cent and 20 per cent and are still falling, according to official surveys. The implication is that small husinesses will have to devote a growing share of their earnings to paying off debts, rather than investing.

In the short term small businesses' hopes of salvation rest with the government. Small businesses are a vital source of support for the ruling Liberal Democratic Party. The government has begun to cushion them against a credit crunch imposed by the banks restricting their lending.

In February, the Ministry of Finance wielded its influence over the commercial banks hy officially asking them not to refrain from lending to small businesses.
The government has also

increased public lending to small businesses through the public sector Peoples' Finance Corporation and the Small Business Finance

Bank of Japan statistics show public-sector lending is growing in an attempt to offset a sharp fall in the growth rate of bank lending to small companies.

At its height in 1987, commercial bank lending to small businesses grew hy 18.7 per cent, while the Small Business Finance Corporation's lending contracted by 3.3 per cent. However, since 1990 the roles have been reversed. In 1990 commercial bank lending to small business grew hy 11 per cent but public lending rose by almost 20 per cent. In June last year public lending was rising at an annual rate of about 8 per ceot, while commercial lending was growing at only 1.3 per

Yst the government will be less able to offset the slowdown in commercial bank lending than it was during past downturns. The rise in private-sector lending to small businesses in the 1980s means they are now more heavily dependent upon the banks. In 1983 public sector leoding to small husinesses was worth about 25 per cent of bank lending, but by last year this figure was only 13 per cent of the bank's outstanding loans.

Moreover, the rise in public-sector lending will do nothing to relieve the longer term problems - intensifying competition from the rest of Asia, weaker relationships with their main Japanese clients, sluggish domestic demand and weak balance sheets.

The waning of the entrepreneurial spirit is becoming a source of official concern. The government has just hegun to address what could prove to be a prolonged period of restructuring. A recent Miti report on small businesses said: "Considering the major contrihution made hy sctive husiness opening to boosting the country's industrial vigour, the decline in new start-ups, especially by individual entrepreneurs has come to a point where we really need to worry about its grave consequences for the future of the Japanese econNutshell

Cutting support for consultancy

The government is to cut subsidies for the Enterprise **Initiative Consultancy Scheme** which provides consultancy belp in fields such as marketing, quality and design, Michael Heseltine, trade and industry secretary, said.

Support will be reduced from two-thirds to half of the cost to businesses in assisted and urban programme areas and from half to one third of the cost elsewhere with effect from March 24.

ends, as planned, in March 1994, It will be replaced with a programme delivered locally through "one-stop shops" and Training and Enterprise Councils, Heseltine said last week in a written answer to a parliamentary question.

The new programme will consist of a diagnostic service, a consultancy brokerage and continuation "in some form" of consultancy support and technology-related advice.

Conference call for small firms

Business training, counselling and the impact of the Training and Enterprise Councils are among the themes to be considered at the 16th National Small Firms' Policy and Research Conference to be held at Nottingham Trent University on November 17-19.

The conference is the main UK small firms event for academics and small business practitioners, Summaries of proposed papers must be submitted by April 30.

Contact Conference dministrator, Commercial Centre. Nottingham Trent University, Burton Street, Nottingham NG1 4BU, Tel: 0602 486409.

Commission comes under attack

A two-pronged attack on the European Commission and on lts directorate general for enterprise (DG23), for failing to

do enough for small businesses, has been made by Ann Robinson, head of policy at the Institute of Directors.

The commission has failed to take into account the needs of small and medium-sized firms in devising the rules for the single market, while DG23 has proved a disappointment in defending their interests, she told an IOD small business conference

in Belfast.
"The rules of single market appear to have been designed for big business and hureancrats." she said. "Some of the most burdensome regulations for small firms have passed through the council of ministers without so much as a peep from DG23."

Campaigning to spread the word

The Management Charter Initiative, set no to improve the managers, has launched a campaign to spread best practice in the field of small business

The Managing for Growth campaign comprises the publication of recent research into small business problems, seminars and consultancy belp. The aim is to ensure small business organisations do not "re-invent the wheel" hat will be able to obtain information on schemes which are already

working. Among early examples of good practice Identified by the MCI are a programme which provides high-level women managers as role models for their counterparts in small and medium-sized husinesses and secondments of unemployed large company managers to small businesses.

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- Yel Bar, Leeds, is a popular venue bar which was fully refurbished during 1991. Turnover for the year ending 31 December 1992 was approximately
- Buz Nightclub, Newcastle, which has recently been refurbished, is forecast to achieve turnover of approximately £800,000 during 1993.
- Bliss Nightclub, Newcastle, which has also been recently refurbished, is situated adjacent to Buz, incorporates a restaurant, and is forecast to achieve turnover of £416,000 during 1993.
- Club Copa and Harpo's Bar are located on the Earls Court Road, London, and achieved a turnover of approximately £1,100,000 during the year ending 31 December 1992. Harpo's Bar was fully refurbished during 1991.
- The Waterside Hotel, located adjacent to Jimmy'z Bar is in the Quayside area of Newcastle, is a 20 bedroom hotel and achieved turnover of approximately £210,000 during the year ending 31 December 1992.

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loint Administrative Receivers, John Ayre FCA and Mark Dobell FCA, Ernst & Young, Barclays House, 6 East Parade, Leeds LST 1HA.

Turnover £500,000 approx. p.a.

- Shop situated near Harrods in Knlghtsbridge.
- Good reputation.

Please contact Chris Chapman of Gibson Hewitt & Co. Tal: 0932 336149

GIBSON

The Joint Administrative Receivers of ACME SIGNS AND DISPLAYS LIMITED OFFER FOR SALE

MOVITEX

BEGBIES Chartered Accountants

London WC1R 5BP Tel: 071-242-6939 Fax: 071-405-0350

STRUCTURAL ENGINEERING & FABRICATION

hidescon Limited e Steel I Window

this structural engineering and fabrication specialist, of proven repute within the private and

Principal features of the business include:

 current turnover at £3.3 million, but has previously achieved over £7 million ability to execute contracts up to \$1 million

combined purpose built office and manufacturing tradity equipped with modern sawing. CNC dritting, shotblasting and associated tabalcation plant.

For further information please contact D M Middleton or M J Moore at Coopers & Lybrand Hadrian House, Higham Piace, Newcastle upon Tyne NE1 88P. Telephone: 091 261 2121.
Fax: 091 230 5993.



MANUFACTURERS OF PRECAST, PRESTRESSED CONCRETE BUILDING PRODUCTS

The Joint Administrative Receivers, offer for sale as a going concern, the business and assets of this well stablished designer and manufacturer of precast, prestressed concrete building products based in

turnover of approximately £2.9m in 1992

 sidiled worldorce at approximately 35 employee treehold site of approximately 11.5 acres containing manufacturing premises of approximately 38,700 sq fi

network of sales agents.

For further Information please contact either Nigel Vooght or his manager Scott McDonald at Coopers & Lybrand, PO box 262, Moldstone, Kent ME14 5XG. Telephone: 0622 672961 . Fax: 0622 662053.

Coopers & Lybrand is authorised by the in

FOR SALE

South-East Based

TELECOMMUNICATIONS COMPONENTS MANUFACTURER

Following a successful investment, the shareholders of this profitable,

BT approved business now wish to dispose of their interests. The

shareholders are willing to consider either an outright sale, or

alternatively the sale of the trading assets and goodwill, which would

allow the integration of the business into a purchaser's existing overhead

structure. Sales amount to some £750,000 with a gross margin available

Write box A4797 Financial Times One Southwark Bridge

London SEL SHT



FOR SALE

Write to Box No. A4793.

Manufacturing and PCB industries,

engineering development company, South of England, Turnover £4.5m, 75% Exports. Profitable. Supplier of machinery to the electronic component

Firencial Times, One Southwark Bridge

Le Cate Du Jardin

28 Wellington Street

Covent Garden, WC2

Rasenicol Limited, G S Kinlan and P R Copp,

and assets of this long established restaurant in

Ground floor and basement restaurant in all

◆ Approximately 100 covers ◆ Turnover (net) to 31/10/92 of £888,560

Leasehold premises (16 years unexpired)

of the Receivers' sole agents, Messrs Robert Barry & Co. 7 Upper Grosvenor Street,

Tel: 071-491 3026, Fax: 071-629 9373.

Interested parties should contact Mr P Bartrop

offer for sale as a going concern the business

The Joint Administrative Receivers of

one of the best locations in London.

about 2,500 square feet

Mayfair, London W1Z 9PA.

STOY HAYWARD Howath

Baker Street, London W1M 1DA. Tel: 071-496 5888. Fax: 071-935 3944

By order of L Clark, Esq., Administrative Receiver of Kleenseed Limited

FOR SALE

THE BUSINESS AND ASSETS OF AN ESTABLISHED

AGRICULTURAL SEED CONTRACT GROWING

AND PROCESSING CONCERN

Substantial stock holding including cereal seed stock for

Interested parties

should contact either of the following:

SPECIALIST STAINLESS STEEL PRESSURE VESSEL MANUFACTURERS D

North West based manufacturer with full C.A.D. 'in house' facilities.

Excellent track record in the industry for over 30 years producing vessels,

FOR SALE

lan Clark

CLARK & CO.

0625 548180

· Leasehold property interest in Wern, Shropshire

2 seed processing lines with ancillary equipment

Turnover £1m per annum

Established customer base

Spring 1993 planting season

Chris Hall

Rushton

ountants and Business Advisers A member of Horwath International

French and continental cuisine

Expanding providely owned business manufacturing exclusive gift, agents and established accounts throughout U.K. Gift Shops, Garden Centres, Wildlife Parks etc. Outlets in Japan Write box A4889 Financial Times One Southwark Bridge London SE 1.9HL

BRUSSELS

Residential Property Company epartments, 4 shops FULLY LET Rental Income - BF.70 million

(Indexed) For Sale - BF, 70 million Tel: H. Deliar +32 2 716 4700

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nsolvent company. Direct contact with Liquidators/Receivers. Fully indexed according to company type. Free sample copy -Tel: (0273) 626681

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CONTRACTS & **TENDERS**

Aredor Distribution Ltd counces the result of their sale by tender of one rough diamond. weighing 284.96 carats from the Aredor Diamond Mine in Guinea. The diamond was purchased by the international jeweller Mr Robert Mouawad of Geneva.

The tender was conducted by the sole selling agent of the Aredor-Guinea Mine, IDC (Holdings) Lid, London and Antwerp.

COMPANY NOTICE

BRADFORD &BINGLEY

£200.000.000 Floating Rate Notes due 1995

In accordance with the terms and conditions of the Notes, the Interest rate for the period 15th March, 1993 to 15th June, 1993 has been fixed at 6.125% per annum, The Interest payable on 15th June, 1993 against the Coupon 8 will be £154.38 per £10.000 nominal.

Agent Bank ROYAL BANK OF CANADA

LEONARD CURTIS

Price Waterhouse

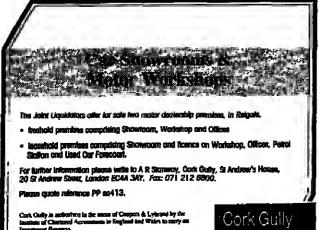
A J P Brereton FCA, The Joint Administrative Receiver, Price Waterhouse,

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS K. P. BARRY FCA & S. D. SWADEN FCA

IN THE MATTER OF JOHN MILROY LIMITED T/A MILROYS

Offers are invited for this well known wine & spirit merchants. Trading from leasehold premises in Greek Street London W1. The company has been trading since 1973 and is famous for its whisky expertise and Milroys Whisky Club. Further enquires should be addressed to the offices of;

Leonard Curtis & Co, Chartered Accountants. 30 Eastbourne Terrace, London W2 6LF Tel: 071-262 7700 Fax 071-723 60.59







Telephone: 0532 431221. Facsimile: 0532 442241.

SUN AND SNOW LIMITED The Administrative Receiver offers for sale this well established ski sports shop

 Stocks for sale including well known names. Double fronted shop.

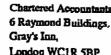
Fax: 0932 336150

tants, 5 Park Court, Pyrlord Road, West Bylleel, Surrey, KT14 6SD.

the business and assets of

Manufacturers of inter-changable signs and planning charts, price ticketing and office signs to include The Business, Goodwill, Trade Marks, Plant, Stocks and Order

Contact: David R.F. Sapte or Frances E. Watson



Pricing: Circo Net Assets. Details: Roschill, Lydiate, Merseyside L31 4JF Tel: 051 526 4008. Fax: 051 526 1673. ANTHONY ASSOCIATES

nns, lubular condensers and pipework.

Exit route sought for retiring directors.

This is NOT a distress sale.

Blue chip customers base. No long term debt.

Jacques Attali's European Bank for Reconstruction and Development has hired a heavy hitter as chief economist to replace John Flemming, who leaves in September to become warden of Wadham College, Oxford.

MARCH 16 1993

TIMG CARD DISTRIBUTION
LAGREATER LONDON AREA

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INDPENDENT

Michael Bruno (right), gover-nor of the Bank of Israel between 1986 and 1991, will take over in October. He was approached indirectly by the EBRD about six months ago and opted for the London based bank after turning down an offer to be chief economist at the World Bank in Washington. Bruno is currently Mel mer Soviet Union. chior Professor of International Economic Policy at the Hebrew University in Jerusalem and president of the International Economic Association.

At 60, Bruno is no stranger to the problems of radical economic change and has been willing in the past to take a tough line with politicians, He was one of the architects of a successful Israeli economic

recovery programme in the mid-1980s and later, as bank governor, had to cope with the economic strains caused by mass immigration from the for-

Bruno has advised Mexico, the former Yugoslavia and Poland on ecocomic reform and wrote a book on stabilisation and reform while he was a visiting professor at Massachusetts Institute of Technology. At the Israeli central bank, he was often embroiled in controversy with the Likud-led government. In 1989 he took the brave step of urging cuts in the Israeli defence budget to curb

increases in government bor-Such policy making experience will be invaluable in his



dealings with the new democracies of eastern and central Europe and the former Soviet republics as well as with the Byzantine bureaucracy of the EBRD itself.

Non-executive directors



Sir James McKinnon, who steps down as director general of the Office of Gas Supply (Ofgas) in September, could soon pick up his first company chairmanship. He is replacing Sir Graham Day as deputy

■ William Hoskins, deputy

finance director of LAPORTE,

is to become finance director

on the retirement on April 21

of Dick Dickinson, who has

■ David Wells, regional

South Eastern, will be

appointed md of regional

chairman of BRITISH GAS

services as from August 1 on

Last year he was seconded to

force into gas supply in the

I John Anthony has been

manager - LUCAS

SERVICES.

be director of the MMC's task

appointed director and general

Aftermarket Operations.

Frederick Brown, formerly

a director of Bank of Ireland

of ASSOCIATED NURSING

Corporate Finance, has been

appointed commercial director

the retirement of Arthur Dove.

chairman of MAI, Lord Hollick'e financial services and media eroup.

Sir Jamee, 63, one of Britain's more combative regu-lators, announced last month that he was retiring a year earlier than planned. Sir James bas known Sir Ian Morrow who has been chairman of MAI since 1974, since their days together at the Scottish Institute of Chartered Accountants - of which they have both been president.

However, Sir Ian has turned 80 and now that Sir Graham has decided to relinquish the deputy chairmanship of MAI, Sir James, a former finance director of Imperial Tobacco, would seem a natural successor to the MAI chair. Sir Graham, chairman of Cadbury Schweppes, remains a non-executive director of MAL

John Ashworth, director of the London School of Economics, is David Sainsbury's first nonexecutive appointment to the board since he took over as chairman of supermarket chain J Sainsbury last Novem-

Ashworth says that the directorship "formalises" a long standing involvement with David Sainsbury. Ashworth is a trustee of the Gatsby Charitable Foundation and the two families have known each other for years. He adds that, as far as he is aware. the Sainsbnrys have never given any money to the LSB. Knowing "nothing" about retailing, Ashworth, 54, says he has been recruited rather for his biological expertise with its application to food science. Starting out in the department

University, Asbworth snbsequently became professor of biology at Essex. Before his nine year stint as vice chancellor of Salford University, he worked at Cabinet Office as chief scientist in the central policy review ataff.

He notes that as a Gatsby trustee he has had a hand in evolving its policy towards plant science and in helping set up the Sainsbury laboratory which carries out research into disease resistance in

■ Christopher Chataway has resigned from RADIOTRUST.

Sir David Nicolson is resigning from SOUTHERN WATER. ■ Matthew Dobbs, a director of Schroder Investment Manage-ment (Japan), at SCHRODER KOREA FUND on the resignaof blochemistry at Leicester tion of David Salisbury.

Founder Jones shares out top job

Sharelink, Europe's largest execution-only stockbroker, has recruited Richard Fielding been with Laporte for 21 years and finance director since 1985. (right), former chairman of insurance brokers CE Heath, as non-executive chairman of the holding company.

Founder David Jones, who had combined the roles of chief executive and chairman, explains that since last May's management buy-out the company had said it intended to seek a non-executive chairman. "It has just taken a long time to get around to it; we have all been very busy,"

Sharelink has grown rapidly during its six year existence; Jones claims it now sees up to 10 per cent of all stock market transactions in the UK, with a market share of 15-20 per cent of the country's private client



business. He is already configeted profit of £2,5m.

dent of being able to exceed "significantly" this year's bud-Fielding, 59, retired as chairman of CE Heath last July. Having risen to the position of

managing director at the insurance broker in the early 1970s, he left to form his own com-pany, Fielding Insurance Holdings. The latter was merged with Heath in 1986. Fielding became group chief executive and chairman the following

Approached for the Sharelink opening by headhunters, Fielding says he had never been headhunted before and that he "enjoyed the novelty". Jones, meanwhile, reckons his new chairman combines the "right personal qualities and style" in addition to having the experience of huilding a business from scratch into a large organisation. "And insurance is not a million miles from stockbroking - lots of paper, to begin with," adds Jones.

CONTRACTS & TENDERS

TURKISH AIRLINES INC.

Turkish Airlines invotes any interested parties to tender for the supply of JET PUEL A-t for the period 1st May 1993-30th April 1994 inclusive, at European, Middle East, USA and Far East airports. Fuel will be purchased under sealed tender by adjudication. Proposals must be delivered on or before 5th April 1993 17,00 p.m. local time to the address shown below.

Full information on bidding together with technical and administrative condition are also available, details of contacts are shown below.

11-12 Hanover Stree

Turkish Airlines Inc. Fuel Management Ataturk Airport General Management Bu A Bloc 2nd Floor 34800 Yesilköv/Istanbul, Yurke

Telex No. 28871 DXTK TR or 21198 TJTK TR Tel: 010 901 574 74 03/010 901 574 73 00 ext. 1250 or 1253 Fatc 010 901 574 74 44/010 901 574 76 04

LEGAL NOTICES

No. 00 2040 or 1943
In the Fligh Court of Justice
Chappery Division
Companies Court
IN THE MATTER OF
JOHN TAYLOR HOLDINGS LIMITED
AND

IN THE MATTER OF
THE COMPANIS ACT 1985
NOTICE IS TERREY GIVEN that a Petition was
not 4th March 1993 parented to lier Majesty's
ligh Court of Justice fac1. Confirmation of the tedaction of the capital of
the abstraction the above-named company from £3,489,378 to £7,150.27; and 2. Confirmation of a concellation of the share premitted account of the shave company in the sent of COS, 230.

AND NOTICE IS HERISBY GIVEN that the said

AND NOTICE IS HERGISY GIVEN that the said Petition is directed to be heard before Mr Registra: Backley at the Royal Cours of Justice, Smand, London, WC2A 23.1. on Weshnesday the 24th day of March 1993.

ANY creditor or shareholder of the said company desiring its oppose the making of on Order for the confirmation of the said reduction of ceptial should appear at the time of the having in person or by Created for that purpose. A copy of the said Petition will be issued to any such person requiring the same by the a intermediated Selicitors on payment of the segulated clarge for the segre.

the searc. Deced this 12th day of Merch 1993

Naharro Nathanson, 50 Strason Street, London WIX St-L. Ref: 6A/PXW/T736.46 Joint Administrative Receivers
BOURNCRETE LIMITED

rest of pre-east concrete products Trade classification: 07, Date of appointment of Administrative Receivers: 8 March 1993, Name of person appointing the Administrative Receivers: Michael Bunk Pic, 47 Cannon Street, London BC4M 5SQ. Joint Administrative Receivers: N J Vooght and J M Irechie (office holder Nos 6339 and 2104). Address: Coffice & Lybrand, PO Box 262, Orchard House, 10 Abion Place, Majostone, Kent ME14 5DZ.

PERSONAL

OSHELLBUR XOOK PUBLISHED

No. 00 2042 of 1993 In the High Court of Justice Classery Division Companies Court IN THE MATTER OF

THE TAYLOR GROUP LIMITED

THE TAYLOR GROUP LIMITED AND

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Publican was as 4th March 1993 presented to Her Majasty's High Coart of Justice foc. Confirmation of the reduction of the capital of the above-named company from ES,036,000 to 57,235,60.

AND NOTICE IS HEREBY GIVEN that the said Polition in discreted to be heard before Mr Rogisters Bockley at the Rayal Coarts of Justice, Stand, London, WCA 2LL on Wadnesday the 24th day of March 1993.

ANY creditor or shareholder of the said company dealers to oppose the reaking of an Order for the confirmation of the said sodaction of capital should alpay at the intent of the hearing in person or by Commet for that purpose.

A copy of the said Politics will be immed to my such purson requiring the same by the

ach purson requiring the same by the adermantioned Solishors on payment of the

regulated charge for the same.

Dated this 12th day of March 1993 Nabarto Nathamon, 30 Straton Stoot, London WIX SFL Ref: 6A/PXW/T736.46 Solicitors for the Computer

Savlery & Investment Bank Limited ("SIB")
Ex Gratta Compensation Scheme
The Government of the left of Man has appointed Timothy J Beer, Joint Liquidator of SIB and a Partner in KPMG Peas Marwick, Douglass, to administers a scheme of ex gratia payments to qualifying deposit and carrent access holders of the above bank, which went has insolvent liquidation on 12 July 1982.
Consideration will be given to claims under this scheme andly upon receipt by the Scheme Administrator before 2d April 1993 of a fully completed claim form. Claim forms together with accompanying instructions and sammary of Scheme Terms have already been despatched to all innown qualifying accounts holders at their last segisters address. Any person wishing to claim compensation under this achience and who has not received a claim form should contact.

SIS Compensation Scheme Administrator, c/o Savings & Investment Bank Limited, Heritago Court, 41 Adul Street, DOUGLAS, Jale of Man Telephone; 0634 623056

Telephone: 0624 623056 Please Bote that may person who for any reason fails to mibrait a completed claim form to the Scheme Administrator below 24 April 1993 will not be eligible for compensation under this

Appointments Advertising appears every Wednesday & Thursday (UK) and Friday (Int'l only)

REPUBLIC OF PARAGUAY MINISTRY OF PUBLIC WORKS

AND COMMUNICATIONS DEPARTMENT OF PUBLIC ROADS

NOTICE

PREQUALIFICATION AND INTERNATIONAL PUBLIC BIDDING -MOPC - BID 635/OC-PR Nº 3. OF CONSTRUCTION COMPANIES SPECIALIZED IN ROAD CONSTRUCTION FOR RESURFACING VARIOUS

SECTIONS OF ROADS IN THE COUNTRY

The Ministry of Public Works and Communications through the Dapartmant of Public Roads, calls for International Public Bidding and Prequalification of Companies of the International Development Bank (BID) member countries, to present offers for resurfacing work of tha following road sections of the

PARAGUARI - SAN JUAN BAUTISTA LUQUE - YPACARAI

(22 km.) LA COLMENA - ACAHAY (32 km.) ACAHAY - YBYCUI (18 km.)

Work contemplates the following: - Patching of potholas and restitution of road profile.

- Overlay with a 4 cm. thick sheet of concrete asphalt over the width of the road.

- Reconstruction of road shoulders, - Surface readsions - Cleaning of drains

The project will be finenced with the cooperation of tha Interamerican Development Bank (BID), through Loan BID 635/OC-PR.

The Specifications of Bases and Conditions may be purchased from the Planning and Projects Departments of the Department of Public Roads of the Minietry of Public Works and Communications, Oliva and Alberdi streets, third floor, Asunción, Paraguay, as from March 19, 1993, at a nonrefundable cost of (Gs. 400,000.00) Four Hundred Thousand Gueranies to be deposited in Account Nº 490 *Otros Recursos", at the Central Bank of Paraguay; the cost of each additional sat of Specifications, is of (Gs. 200,000.00) Two Hundred Thousand Guaranies

To take possession of the Specifications, interested parties are to present a writtan application addressed to the Director of Public Roads, with required fiscal stamps attached, indicating the name of the Firm, domicile, telephone number end name of the legal representative, with copy of the deposit slip ettached. Offers written in Spanish togethar with the documents specified in the Specification of Basee and Conditions shall be received on May 4, 1993, until 09:00 hours, in the Conference room of the Ministry of Public Works and Communications, third floor, Oliva and Alberdi streets, opening of envelopes marked N° 1 will be done later in a public proceeding

Dirección de Vialidad Ministerio de Obras Publicitas y Comunicacions Teléfono: 595-21 - 445709 Fax: 595-21 - 448956 Asunciói - Paraguay

GREEK EXPORTS S.A. ANNOUNCEMENT OF A REPEAT PUBLIC AUCTION FOR THE HIGHEST RID

GREEK EXPORTS S.A., based in Athens of 17 Paneplatinion Street and legally represented, in its capacity as Liquidator of the industrial and Commercial Heating Products Company (ABRETH S.A.) and in accordance with article 46s of law 1892/1990, as supplemented by article 14 of Law 2000/1991; the electrical of the Athens Court of Appeal No. 9338/1992 and following the written tatement with incoming ref. no. 233/4.3.93 of the creditor of pura. 1 of the above article:

ANNOUNCES

A repeat public suction for the highest bid, with scaled, bleating offers for the purchase, in toto, of the seasts of the Industrial and Commercial Heating Products Company (ABRETS) S.A. established to Athens at 10 Ermonassis Street, Rizoupolic and which is ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

The Industrial and Commercial Heating Products Company (ABERTH) S.A. operates in a rented space within the installations of THERMIS S.A. at 10 European's Street, Rivoupolia. Its activities incline the production and sale of seed boilers and steel beating radiators, the sale of beating and air conditioning equipment and the assembly of elements for the manufacture of the above items supplied from Greece or from abroad. These products are of a high quality and bear the recognised trademark of "THERMIS" which it owns and which it is authorised to use. TERMS OF THE AUCTION In order for the suction to take place, all interested parties are invited to receive from the Liquidator, the Officing Memorandum which describes in more detail the assets of the Company for sale, its obligations, and the necessary procedures for its transfer, as well as the form of the Letter of Guarantee needed for the submission of a binding offer to the Athens notary public sasigned to the anction, Mrs. Flore Balane-Zoulla of 14-16 Feldion Street, 6th floor, Tel. 30-1-362.8t43 and 360.0855 up to Tuesday 6th April 1809.

Bids will be unaccled before the above notary on Wednesday 7th April 1993 at 1000 hours and with the Liquidistor in attendance. All those who have submitted bids within the prescribed time limits can also attend. Any bids submitted beyond the prescribed

The scaled, binding offers must clearly state the price offered for the purchase, in tota, of the Company's assets and must be mied by a Letter of Guarantee from a bank logally operating in Greece, for the amount of twenty million drachman (20,000,000 drs.) or its equivalent in U.S. dollars.

The Company's sects and all fixed and eleculating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, rights for mineral one exploration, etc. are to be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and focation on the date on which the sale contract is signed, regardless of whether the Company is operating or not, and with the proper legal procedures. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90 article 46s, pare. I as in force), known hereafter at the Majority Creditors, thall bear so liability for any logal or actual defects or for any deficiency is the effects and rights for sule nor for the possible refusal of the State to approve, as required, the transfer of elements of the assets, our for their iscomplete or faulty description in the Offering Memorandum and to any correspondence. In the event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.

Prospective buyers benefiniafter inferred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their owe expense, to inspect the object of the sale and form their own judgment and declare in their bids that they are fully aware of the actual and legal condition of the assets for eale. The Boyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46s, para. 4 as in force, having agreed in writing to maintain confidentiality, they are extitled to have access to any information they may require concerning the Company for sale.

Bids should not contain terms which might prevarieste their bindingness or any vaguences concerning the offered price and its method of payment, or any other natter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether those offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims or the outcome of court actions brought by the company in this respect, or compliance with recommendations regarding the security of the installations, or for

In the event that the person to whom the auction is adjusticated, fails in his obligation to appear within twenty (20) days from being an use event one use person to wrom use mestors in arguments, cause in also outgeness to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and falls to ablide by the other obligations accreting from the present announcement, then the above-mentioned guarantee of twenty million deachman (20,000,000 dat.) is forteined to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with no obligation on the Liquidator's part to familiah any specific proof or deem that the amount has been forfeited to him as a penalty chanse, and collect it from the guaranter bank.

Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Crediums and the highest bidder's guarantee chall be returned to him after he has paid the sale price and the act of ent has been drawn up and signed.

The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors a

10. The Liquidator shall not be flable to participate in the suction either with respect to the evaluation report or for his selection of the highest bidder and neither will be be highest to them for the exceellation of the suction in the event that its outcome is not approved. by the Majority Creditors.

1. Participants in the section do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.

 Transfer expenses of the assets for sale (luxes, stemp duty, notarial and mortgager's fees, rights and other expenses for drawing up topographical diagrams as required by Law 651/77, etc.) are to be borne by the Buyer.

interested parties should apply for further information to:

a) The head office of the Helichter Industrial Development Bank, Directorate of Public Holdings, at 87 Syngrou Ave. 2nd floor, 117 45 Athens, Greece, Tel. 30-1-929,4395 and 929,4396 and to b) Greek Experts S.A., 17 Panepistimon Street, 1st floor, 105 64 Afhens, Greece, Tel. 30-1-324-3117-115.

BUSINESSES FOR SALE

.

INVITATION For the submission of Declarations of Interest for the purchase of the Assets of "BARCO SA TEXTILE INDUSTRIES" of Athens, Greece

"ETHNIKI KEPHALEOU S.A. Admistration of Assets and Liabilities" of t, konleniou Street, Athens, Greece, in its capacity as Liquidator of "BARCO SA TEXTILE INDUSTRIES", a company being liquidated under the "special iquidation" provisions of L. 1892/90, inviter interested parties to submit within twenty (20) days from the publication of this Notice Non binding Written Declarations of Interest for the purchase of the whole of the assets of the Company.

BRIEF INFORMATION: The Company was founded in 1956 (e.j. 428/1956) and was in operation until 1981, when it was declared bankrupt. In 1988 it was brought back into operation, while in 1990 in was declared bankrupt for the second time. The Company's activities including a factory consisting of three buildings, with a total area of 34,115 m2 standing on a plot of 19,062 m2, achinery and mechanical equipment.

SALE PROCEDURE: The sale of the Assets of the Company will be by public tender in accordance with the provisions of article 46s of Law 1892/1990 and the terms mentioned in the invitation to be published in this espect in the Greek and foreign press on the dates stimulated by the law.

SUBMISSIONS OF DECLARATIONS - OFFERING MEMORANDUM FURTHER INFORMATION: Declarations of interest may be submitted to the Liquidator of the Company, from which an Offering Memorandum and further information may also be obtained, "ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities", at the following address: Skouleniou street, 105 6t Athens, Greece.

Tel: + 30-1-323.14.84 Fax: + 30-1-321.79.05 (attn: Mrs. Marica Frangakis).

CROOK LTD IN **ADMINISTRATIVE** RECEIVERSHIP

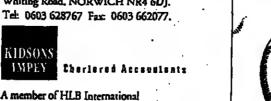
The Joint Administrative Receivers, John Horton and Alan Thomas, offer for sale as a going concern the business and assets of this well established

manufacturer of value added meat products. Turnover year ended 3t May 1992 £.7m

■ Extensive range of quality products Established customer base

Full range of plant and machinery ■ Freehold premises 25,500 sq ft For further details contact: John Horron or Chris Williams, Kidsons Impey,

Fulcrum House, 7 The Norwich Business Park. Whiting Road, NORWICH NR4 6DJ. Tel: 0603 628767 Fax: 0603 662077.



FOR SALE IN SOUTH AFRICA

Ladies fashion wholesale and retail business, Retall side comprises 8 stores. Total turnover 23 million Rand per annum. The business is well-actabilished and highly profitable. Reason for setting is that the present owner wishes to retire. Asking price in the region of

For further details please contact the Managing Director, D Richards Limited, Mariborough House, 179-189 Finchley Road, London NW3 6LB, Telephone (071) 328 6265.

G.J. KING & Son (Brighton) Ltd

BUILDING CONTRACTORS (In Administrative Receivership)

Roger H Buckman and Ian R Bradbery the Joint Administrative Receivers offer for sale the business and assets of G J King and Son (Brighton) Ltd and its specialist plastering division Robert Cook and

Principal features include:

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specialist plasterers

* Annual tumover of £6m

 Leasehold properties Machinery equipment and vehicles Benefits ensuing from existing contracts

The Joint Administrative Receivers Moores Rowland Insolvency Division Nile House, PO Box 1041, Nile Street Brighton BN1 1LA

Tel: (0273) 324411 Fax: (0273) 721667

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CONSIDERING A SALE OF YOUR BUSINESS?

You will only do it once, so it has to be right. As a professional firm with almost 100

staff you can be sure of the wide range of skills required to achieve the best price for ness and to structure the deal most tax effectively. We have been retained by several hundred companies and todividuals looking to acquire. We also use sophisticated search techniques to identify those prospect rehases who are likely to value your business the most.

If you are considering a sale and your tumover exceeds £0.5m then we would like to meet you. Our charges are based largely on results, so you have little to lose. For a confidential discussion without commitment please contact Gary Morley or Richard Coor at:

Blackstope Fomks, Barbican House, 26-34 Old Street, London EC (V 911). Telephone: 071 250 3300. Fax: 07t 250 t402. Authorised by the Institute of Chartesed Accompanie in England and Wales to conduct investment bush

ENGINEERING/CONSTRUCTION/ **ELECTRICITY SUPPLY**

CCL GROUP PLC, the Yorkshire based specialist engineers, wish to acquire related businesses. Of particular interest are companies of up to £5M T/O providing specialised components to the construction or electricity supply industries - preferably with export potential. Replies in strictest confidence to:-

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Private Company with strong financial backing wishes to acquire business with high quality products in voice/data comms or profession

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Management will be required to

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London SE1 911L

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Small/medium electrical wholesale or multi-branch, profit or loss making. H P Rich, Rich & Pattison Ltd. Preeman House, 26 Freeman Street, Birmingham B5 SHT 021-643 7000

BUSINESS WANTED

WANTED

As part of expansion programme into export merkets, UK private group of companies wishes to acquire UK/European generic pharmaceut factories, small to medium size, as outright purchase. Price parameters rom £100K to £2 million. Absolutely no Brokers, Consultan or other middlemen. Principals only in the strictest of confidence plea

Box No A4784, Financial Times, One Southwark Bridge, Landon SEI 9117.

CONTRACT HIRE . BUSINESS

We are a rapidly aspanding subsidi of a substantial financial services grow engaged to the besidess of contract his of berecoßer care

We are seeking to acquire the assets companies trading in a similar business Write to Box No. A4786, Financial Times, One Southwark Bridg London SEt 911L

£1M CASH AVAILABLE For the purchase of a profitable company with existing or potenti export markets.

Principals or retained agents reply in strict confidence to Box No. A4791. Financial Times. One Southwark Bridge. London SE1 9HL

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Required with agreed excess management expenses of £1-£5 million. Apply Box A8299, Financial s. One Southwark Bridge, London SE1 9HL

LEGAL NOTICES

TRUELUCK LEATED

NOTICE it HEREBY GIVEN pursuant to Section 98 of The lacolwary Act 1996 that a meeting of the credition of the above named Company will be held it? Manufe Plana, London WH SFF on 25rd March 1985 at 12,00 aross for the purposes provided for in Section 98 et sec.

A let of the manuse and addresses of the above Company's Credition can be imported at the offices of Lecken Consetey & David, 7 Kendrick Place, London W7H SFF, believes the hours of 10,00 art and 4,00 par on the two business days precading the Whatein of Credition.

Meeting of Crediture. Detect this 8th Meeth 1983 P.A. NEWILLIN, Director.

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Selection process for Commission jobs attacked

fits under EC law and thus should

be capable of being enjoyed by both migrant as well as purely national

The Luxembourg government

argued that the rules were not dis-

criminatory because they applied to

both Luxembourg nationals and

nationals from other EC states. The

Court rejected that argumant, as it

found that the conditions were more easily fulfilled by a Luxem-

bourg national than a national from

C-111/91: Commission v Luxem-bourg, ECJ FC, March 10 1993.

Belgian environmental legislation

The European Court has ruled Belgium in breach of EC environ-

mental laws on air quality norms

The EC legislation sets certain

limits for the amount of nitrogen

dioxide in the air. These limits

can be reduced by individual Com-

munity countries, hut only after consultation with bordering states

which may be affected by lower

The legislation also obliges mem-

ber states to consult one another in

the event of a pollution incident

which results, or is likely to result, in the limits being ex-

ceeded; to keep the Commission

informed of any consultations; and

to give it the opportunity to partici-

Belgium implemented all the leg-

islation except for the provisions

relating to the consultations. The

Belgian government submitted that

these provisions did not need to be

implemented as Belgium did not envisage taking any action which would lead to the consultation pro-

Tha Court rejected that argu-

ment. The provisions relating to the

consultation procedure were an

indispensable element of the legisla-

Failure to implement such provi-

sions constituted a breach of Com-

munity law, in that Belgium had

failed to implement fully the EC

legislation as requested.
C-186/91: Commission v Belgium.

BRICK COURT CHAMBERS,

cedure being opened.

ECJ FC, March 10 1993.

another member state.

in breach of EC law

for nitrogen dioxide.



The appointments the European Commission Directorate-General for Fish-eries have haen annulled by the EUROPEAN Enropean Court of First Instance.

because the successful applicants were chosen by the Commission not because of their qualifications but because the EC countries from which they came were "owed" the jobs.

The case was brought by two of the unsuccessful applicants for the posts, who were rejected on the grounds that they were insufficiently qualified in spite of both having worked on EC fisheries pol-icy. The two successful applicants were economists from Spain and

The Court found that the two previous bolders of the posts had been Spanish and Italian and that, in spite of advertising the jobs openly. the Commission bad already decided who the new directors would be before the applications of the other candidates had been con-

sidered properly. The case brings into the open the political nature of the selection procedure for Commission jobs. It is hoped the Court's judgment will lead to greater transparency in Commission appointments.

T-58/91: Booss and Fischer v Commission, CFI 4CH, March 3 1993.

Luxembourg birth and maternity allowances discriminatory

The European Court last week upheld an action brought by the Commission against Luxembourg for imposing discriminatory rules for the grant of birth and maternity

Under Luxembourg law, antenatal allowances were payable to pregnant women on condition that they were legally domiciled in Luxembourg and post-natal allowances were payable on condition that one of the parents of the child had been legally domiciled in Luxembourg for at least one year at the time of the birth. Maternity allowances were also available for any pregnant woman or mother legally domiciled in Luxembourg.

The Court ruled both types of allowance were social security bene-

he UK government is shortly expected to announce its preferred option for reforming the law on companies abusing their power in the marketplace to stifle competition. In a green paper published last November, Mr Michael Heseltine, the trade and industry secretary, canvassed three options. These are:

• to retain the existing case-hycase approach under the 1973 Fair Trading Act and 1980 Competition Act for dealing with anti-competitive practices. Under this option, the Office of Fair Trading would be given stronger investigatory powers and businesses would be made liable for damages and possible civil penalties for continuing abuse;

• to introduce a general prohibition on abuse of market power based on Article 86 of the Treaty of Rome, backed by tough investigatory powers for the OFT and fines on companies of up to 10 per cent of

worldwide turnover;

to introduce a general prohibition, give tough investigatory powers to the OFT and authorise stiff financial penalties, but retain the investigation provisions of the Fair Trading Act, which allow for industry-wide monopoly inquires.

Initial reading of the green paper suggested that the government (avoured the third option. This in itself was a big shift from its position just two years ago. Speaking about competition policy in July 1990, Mr John Redwood, then corporate affairs minister, said: "Existing UK competition law has plenty of powers to enforce open and fair markets. There are already several statutes giving extensive investigatory powers to the authorities. The government has decided not to introduce a prohibition-based policy on abuse of dominant position but to concentrate on effective use of existing powers."

The change in attitude since 1990 reflects growing pressure for comprehensive reform, The government remains committed to reform of restrictive practices legislation, and is aware of the contradiction of changing the law on anti-competitive agreements while leaving the law on abusa of market power

Since 1990, subsidiarity - allowing decision-making to be carried out at the lowest appropriate level - bas emerged as a leading issue within the EC. Brusseis has made it clear that in future it will deal only with the most significant competition infringements or cases which are likely to advance the law, leaving the rest to the national courts.

There is also genuine concern that the present UK system is not working. It is weak on deterrents, and the 1980 Competition Act has provided slow and ineffective proce-

No clear-cut favourite

Robert Rice on the three options for reforming the law on abuse of market power by dominant companies



Divergent views: no clear consensus has emerged to guide Mr Heseltine

dures for tackling abuse.

In light of soch pressures, those businesses hoping that the consul-tation exercise will result in a decision not to change the law on monopoly power are likely to be disappointed. The key question, however, is whether the responses to the green paper have persuaded the government to shift ground since November, away from a position close to option 3 - calling for a general prohibition - to one based on option 1 - retaining the case-bycase approach. Mr Heseltine's problem is that no clear consensus on the best option has emerged,

The Confederation of British Industry, after extensive consultatlon with its own members, is broadly against any reform, but if the government is determined to press ahead, then it would favour some variation based on option 1. Businesses used to competing

with a dominant player in the market, such as Mercury Communications, are generally behind option 3. The Consumers' Association also supports it. "Restraints on comnetition almost always act against the consumer, by encouraging ineffi-ciency, by limiting coolce and by enhancing the power of vested

interests," says Mr Stephen Locke, CA'a director of policy. "What is needed, and already exists at Community level, are clear prohibitions. substantial penalties for breaching them and full rights for third-party redress, enforced by an agency with strong powers of investigation."

The views of competition lawyers appear to vary with the position of their corporate clients. But when they divorce their views from their clients' interests, most appear to favour options 2 or 3.

The government, too, finds itself m a quandary in that a prohibition on abuse of a dominant position would have a huge impact on the regulated utilities, such as telecommunications, gas and electricity. It retains a golden share in most of them and might understandably be reluctant to adopt a regime which could have a big effect on the way they currently do business. On the other hand, the government is aware that there can be no justification for a prohibition not applying to the regulated utilines. The view of the CBI will undoubt-

edly carry weight. The employers' organisation says a prohibition is too inflexible and "an inappropriate tool for ensuring that markets are competitive". Even dominant companies must be in a position from which they can react to competitive pressures, it says. The CBI wants to retain a system which enables cases to be dealt with on an ad hos had to be dealt with on an ad hoc hasis rather than attempting to davise rules which make generalised distinctions between competitive and anti-competitive practices and ban the latter. It is unacceptable, the CBI adds, "that business could become liable for fines for behaviour which at the time it was under-

taken was believed to be legal". The CBI also believes a system based on prohibition would impose very high costs on business in the form of compliance and these costs would not be offset by any benefit resulting from the change - a view which is partlally supported hy many competition lawyers.

This looks like a "hig industry" response to the issues raised by the green paper. But the CBI insists that it represents the views of its members across the board. The CBFs smaller-companies council is particularly concerned that small and medium-sized enterprises would bear a disproportionately high percentage of the costs imposed by a prohibition system. The views of companies such as

Mercury (which has competed against BT, the dominant player in telecommunications, for the past 11 years) cannot be ignored, however. in contrast to the CBI's "if it-ain'tbust-don't-fix-it" message, Mercury believes that if the present system is proven to be inadequate then tin-kering with it ahould not be an option. It believes that, for the regulated industries, industry-specific rules are not effective enough to deter anti-competitive behaviour. Instead, it argues, a radical solution is needed. It favours the introduction of a prohibition system making anti-competitive conduct per se unlawful, backed by a choice of effective remedies including the right to bring private legal actions.

Bringing private legal actions would be extremely difficult, how-ever. It would take a long time to gather the necessary evidence, and the English courts have no experience in judging such complex economic issues. But Mercury says the intention is not to overload the courts with lengthy cases. Rather, it wants a system under which the deterrent effect will be sufficiently strong to replace the existing incentive to abuse market power until told to stop".

Mr Heseltine faces some tough choices. The underlying pressure to beef-up the law on abuse of market power and to bring the UK into line with its European partners remains. But the government will also be wary of imposing a heavy new burden of costs on UK industry as it begins to emerge from recession.



High cost of failure to carry out reforms

he Law Commission, the UK government's law reform body, complained last week that government failure to implement its proposals for reform, particularly in the area of property law, was costing the UK millions of pounds in unnecessary legal fees and court costs. More than half of the 40-plus reports produc by the commission since 1984 remain either under consideration or unimplemented. This is in sharp contrast to 20 years ago. Of the 30 law reform reports submitted to the government between 1966 and 1973, 28 were implemented in an average time of two years.

Outside advice

n independent survey commissioned by City Commission of Lawyers Taylor Joynson Garrett of Britain's top 1,000 companies shows that 68 per cent are using more or the same amount of legal advice from outside law firms this year compared with

In-house legal departments are still contracting, however, with 53 per cent of companies saying they would be employing the same number or fewer in-house lawyers . this year. Lawyers working in medium-sized companies with smaller legal departments are particularly at risk, with 15 per cent of companies in this category expecting to make cuts in their in-house legal teams in 1993. The survey also showed that 20 per cent of the top 1,000 companies had recently taken advice on corporate recovery matters, and that 10 per cent had sought advice on issues connected with the future viability of their businesses or part

of them. The companies all agreed

fifth most important factor when

choosing legal advisers. Specialist

that law firm fees were "very high", but that cost was only the

expertise came top.



Degussa on Balance

Measures Begin Producing Results

New Organizational Structure Strengthens Competitiveness

Degussa did well despite a considerably more difficult environment. Cost-reducing measures introduced at an early stage have made a significant contribution to the improvement. A consistent reduction in costs and a focus on core businesses will also continue to strengthen our competitiveness. Additionally, a new and decentralized organizational structure is enhancing our market orientation. and all synergic potential is being utilized.

Sales and Earnings

Group sales totalled DM 12.8 billion. Although

this was 4 % below the previous year's figure, it was attributable solely to lower sales from precious metals trading. Excluding precious metals trading and after offsetting changes in the composition of the group of companies included in the consolidation, sales rose slightly by 2%. Group pretax earnings were up by 12% to OM 200 million and Group net income rose by 23 % to DM121 million. The improvement in Group income was generated primarily by the Chemicals and Pharmaceuticals Sectors. For Degussa AG, pretax income was DM 93 million the previous year's level. Net income for the year

totalled DM 61 million, of

which OM 10 million is to be transferred to the reserves and DM 51 million paid out to the shareholders as a dividend per share of OM 7.00.

Investments

Overall Group capital investments amounted to DM 605 million and financial investments totalled OM 103 million. Cash flow grew substantially over the previous year's figure, rising to DM 789 million. As a result of the capital increase of nominal DM 54 million, implemented in September 1992, Oegussa received a total of DM 243 million including the additional paid-in-capital. The capital stock of

Degussa AG now totals DM 419 million. The new shares are entitled to dividends from the beginning of fiscal year 1992/93.

Research and

Development

Based on Degussa's new organizational structure. R&O is now for the most part controlled by the operating areas. This enhances innovative power and more September 30, 1992 the Group had a total of 33,425 employees - down 3 % from the previous year. After offsetting the increases and decreases attributable to acquisitions and divestments, the number of employees was down by 1,994. Payroll costs of OM 2.7 billion were at about the previous year's level. Ouring the current fiscal year the number of

Assets	DM millon	Equity & Liabilities	DM million
Property, plant &		issued capital	419
equipment	2 835	Revenue reserves &	
Investments	580	profit available for	
Non-current assets	3 415	distribution	1 340
inventories	1 561	Shareholder's equity	1 759
Liquid assets &		Provisions	2 210
receivables	2 543	Long-term liabilities	1 376
Current assets	<u>-1 104</u>	Short-term liabilities	2 174
Total	<u>7519</u>	Total	7 519

rapidly transforms R&D results into marketable products. A total of 2,919 employees was active in the Group's R & D activities, with outlays in this area totalling DM 482 million.

Employees

The number of employees declined considerably. As of employees will be further reduced.

Outlook

For the near term, a worldwide economic upswing is not in sight. Quite on the contrary, particularly in Germany, overall recessionary conditions worsened still further. The

effects of the healthcare reform will have a negative influence on the Pharmaceuticals sector. However, through the early introduction and vigorous implementation of our costreduction measures, we have undertaken prudent steps to limit the negative influence of the economic environment and thus enhanced the Group's strength.

of Income	•
Group	nm million
Consolidated	
Sales	12815
Cost of materials	7854
Payroll costs	2716
Depreciation	542
Income from	
investments	38
income taxes	79
Net income	
for the year	121
Upon request, a copy of Annual Report may be the Public Relations De Degussa AG, P.O. Box D-6000 Frankfurt/M.	ordered from partment. 11 05 33

Justino,

Frankfurt am Main, March, 1993 Degussa Aktiengesellschaft The Executive Board

OOMN TO EARTH SOLUTIONS

Peter Grimes

The high point of Mstislav Rostropovich's current Britten Festival at the Barbican was intended to be the two concert performances of Peter Grimes. Up to a point, the intention

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On Sunday, the excellence of the London Symphony Orchestra and Chorus was the ballast of the performance. Since the principal gain of such operasin-concert is the host of opportunities offered for close-up examination of the score, the fine quality of the playing only enhanced admiration for the myriad fine detail of the music. A beautifully poised viola solo launching the Passacaglta offered e notable instance; so too the pithily characterful ntterance of the Act 8 dance band, placed just close enough to allow the listener to note anew how subtly Britten worked its nippy ple antries into the fabric of gathering dramatic tensions.

A front-rank cast had been engaged: again, the pleasures of witnessing its most assured members in action fed one's admiration for the phrases Britten wrote for their characters. A singer's aim on such occasions should be the nicely judged infusion of characterisation into the smooth, clear delivery of notes. Such sharpprofiled singer-actors as John Dobson (Boles), John Connell (Swallow), Anne Collins (Mrs Sedley), Menal Davies (Auntie) and the sparky Jason Howard (Keene) - all experienced in the Grimes productions of Glyndebourne, KNO or Covent Garden - hit home their points with vivid economy. It was good to hear Ryland Davies taking a character role, the Rector, with such elegance, Platform entrances and exits added to the concertdrama - not, though, the eddled boo-boo-ing of the female chorns-member filling in for the boy apprentice.

But the three principals, newcomers to their roles, revealed their inexperience in ways that sometimes rocked the concert-opera halance. Bryn Terfei's preening of his youthfully magnificent. bassharitone made only a superfi-cial connection with Balstrode. Nancy Gustafson, dressed as e handsome West Coast belle with a gitter of diamonds in her hair, sang with a generalised warmth that too rarely found the centre of Kilen's precisely placed notes.

It can be no easy matter to undertake one's first Grimes in the city where Peter Pears and Jon Vickers have held sway. The Canadian Ben Heppner, a heroic singer of n intelligence, sensitivity and hounteous vocal gifts, struggled with those portions of the vocal writing most closely linked with Pears's tenorial idiosyncrasies. He will surely find his way deeper into the role, and should be fervently encouraged to do so but, let us hope, under a couductor less far removed from the opera's "real world" than Rostropovich. To be brutally frank, it seemed to me that on this showing, and for all the conductor's generosity and musicianly enthusiasm, he Grimes actually goes.

Max Loppert

cert tomorrow

Second Barbican Grimes con-

Opera in concert | be first thing to say of this large exhibi-tion of British art in the 1960s, that David Mellor - he

of Sussex University - has selected and documented so coplously, is that it is beautifully presented, fascinating and extremely enjoyable st every turn. The second, which follows inevitably npon anything whatsoever to do with "the Sixties" - to those of us, that is, whose early career was coincidental with them - is that of course it is misconceived

The exhibition's faults are the creatures of its virtues, for Mellor is so taken with his material, in all its aspects, that he offers us neither a thorough documentary nor a straight-forward celebration of the art. shown on its own terms for its own sake. We are taken down the byways of the social his-tory of the times, tramping along the road from Aldermaston, reading *Private Bye* and the *International Times*, gazing at Christine Keeler, mocking Harold Macmillan, or Harold Wilson as the case may be, listening to the Beatles and The Who, sitting in et Hornsey. And as we browse, so we find ourselves chewing on the art

 tachisme, or "action painting"; colour-field ebstraction; Pop painting, hard-edge and optical; New Generation sculpture and incipient conceptualism. So again we are deflected back to the documentary, to the places and the circumstances, to the loose and shifting affiliations and interests of artists throughout the period. Back we go to the Royal ColPop go the Sixties

William Packer both admires and questions the exhibition at the Barbican Art Gallery

lege; the studios and bomb-sites of Notting Hill of the late 1950s; and to the wharfs and warehouses of Saint Katherine'e Dock ten years on. The photographs in particular are marvellous, by Roger Mayne. Roger Coleman, Roger Freeman, Lewis Morley and Don McCullin - all those fresh, young, eernest, ambitious faces. I had expected such stuff to make me feel rather old. I can only say that I came away feeling not as old as all that.

It is all wonderfully indul-

gent and enjoyable, but the doubts remain, even so. The problem with any such survey is that it can never be at once hermetic and inclusive, particular and comprehensive. And with Sixtles, saddled with that tendentions reputation and over-simple label, the problem becomes acute. What were "the Sixtles", and when, if ever, did they begin? For anyone of my generation, born in the late 1930s and early '40s, they began, if ever, long before, with Elvis and Brando, Osborne, Kerouac and Traditional Jazz, Suez and Hungary. By 1965 or so, with satire and Profumo, the minicar and Jean Shrimpton's legs, they were over. The Sixties of Wilson, Flower Power, Protest, Prague and Paris, Sergeant Pepper and

Peace & Love, were alweys

another age, another world. In eliding the two periods. Mellor rather misses the point, and the opportunity, both in sociological and creative terms. Nor does his basic premise hold: that here is a period now so neglected as to be in dire need of critical rehabilitation. where has he been all these years? Private View, the Russell, Robertson, Snowdon encapsulation of his early period was published in 1965, and to turn its glossy, stylish pages today is hardly to move back into a vanished world.

Where are they now. Caro

field and Hoyland, Riley and Hodgkin, King and Hockney? Well, still bere, I suppose. The world has moved on, and while some artists have fallen into obscurity, following generations, of sculptors especially, bave had their day in their turn. But, for all that, we are hardly addressing total eclipse. Mellor speaks of "realigning parts of the hidden history of British art", and quite rightly draws attention again to the work of William Green, with his ection painting; to Tony enger and his expressionist image of James Dean's crashed car; to Pauline Boty,

bach, Jones and Blake, Caul-

Blonde in the World". But where are the kitchen-sink painters and where, in particular, is Brathy, with his paint-ings for the film of "The Horse's Mouth", with Alec Guinness as Gulley Jimson? And if there are to be the compendium and collage-based paintings of Boty, Blake and Phillips, where are those of Anthony Donaldson? And if the St Martin's sculptors are well represented, why is there so little of Paolozzi, and why oothing at all of the Royal College sculptors of the time, Hall, Where are they now, Caro and Paolozzi, Freud and Auer-Panting, Plackman and the

too easy. I wish that Mellor had confined himself to the earlier period, but, that said, I can only admit that he has most admirably caught the energy and sense of engegement thet so characterised it. In those early, still comparatively innocen days, it was an energy directed above all upon the work itself and the doing of it. Hopes were that it would ettract notice. that it would sell, that a name would be made thereby - but which young artist has not boped as much? The important thing was that the work was who died young, with her done anyway, for its own sake, definitive Marilyn. "The only and today its essential

But we are all experts on the

Sixtles, and to carp too much is



Quintessential Sixties: Brigitte Bardot by Gerald Laing, 1963; oil on canvas

integrity still shines out. Most of all is it apparent here in the "Situation" abstraction, shown by the Arts Council in 1963 - the first flush of maturity in the work of such as Gillian Ayres, the Cohen brothers, Hoyland, Law, Irwin, Mundy, Plumb, Smith, Vaux and Young. There they

ell were. European in

sensibility yet responding to what was coming out of New York, looking about them but remaining quite themselves.

They were professional enough the professional ethic would come later. Mellor is quite right in this respect, that here is an euthentic British school

■ The Sixties: art scene in London: the Barbican Art Gallery, the Barbican Centre EC2, until June 13, supported hy the Hulton Dentsch Collection; Apple UK; Atlantis Enropean. David Mellor's excellent and substantial book on the exhibition - more than mere cetalogue - ie published by Phaidon, £22

Theatre

Frank Pig Says Hello

Frank Pig Says Helio at the Royal Court Upstairs represents a type of play increasing its popularity in studio venues: a tight, two-handed psy-chodrama which asks actors and designer to be versatile, and in order to make itself understood urges the audience to sever contact with the rational world. But this makes deadly, wearisome and stultifying

Patrick McCabe's first play is an adaptation of his own fine novel, The Butcher Boy, midway between Patrick McGreth's Spider and Ian McEwan's The Cement Garden. It comes from the Gate Theatre, Dublin after winning - inexplicably - a Dublin "New Play" award last year.

The stage action centres on the mental life of Francie "Piglet" Brady, his daydreams and his psychoses. The play eschews plot, and opts for series of revisited and altered scenes from Brady's child-hood interent with episodes from later life. He turns out to be a sad child enslaved to fantasies from 1950s comics. He is disruptive at home and school, in league with a real-imaginary friend who becomes his alter ego in later life. His mother kills herself, his father dies and stays unburied in the parlour, while

Brady takes a job in an abattoir. The verbal interplay between past and present is a technical triumph for actors David Gorry and Seán Rocks, who deliver quick-fire Irish banter, but it makes woeful dialogue on stage: "I had news for Philip. Philip, I have news for you. News? Yes, News. For me? Yes."

This play fails because, despite director Joe O'Byrne's ingenuity in switching between scenes, the play makes no concerted impact. No one scene causes another one; the logic of psychosis means that anything can happen at any time, and that removes suspense. The narrative moves quickly, but by telling everything, it prevents tensions, affections



Wasted talent: David Gorry (top) and Seán Rocks

and events from being shown and acted out. The appearance of a character with a red handkerchief is pre-ceded by "He had a red handkerchief in his pocket, and the crease on his trousers would cut your hand."

Elsewhere, the action leans on musical effects: Glen Miller's "Don't Sit Under The Apple Tree" recurs periodically to punctuate the scenes. as does Brady's own song, "I'm a little baby pig I'll have you all to know, with my tittle curly tale and my nose that turns up so."

The result is a confusing, difficult and annoying play which fosters e ebort attention span. Such works have altered the course of theatre. But this offers neither information nor moral challenge. It settles into an intellectual game. It makes its effect not in the situation which it creates for the characters, but in the smiles and scowls of the actors. It is a shame and s waste that the piece is so well acted.

Andrew St George

Royal Court Upstairs until April 3, then on a national tour through original passion for combining April and May obstrect inquiry with precise

The building of e new opera-house is such an freught with potential problems that it is only the rash or the exceptionally well-funded who would be advised to contemplate it at all. In the last decade neither the Bastille in Paris nor the Muziektheater in Amsterdam met with an unqualified chorus of

The Teatro Carlo Felice in Genos has won more barmonious applause. Strictly speaking, it is not a new building, as the shell of its predecessor remeined after war damage in 1943. It has also taken the best part of 15 years to reach fruition even from the selection of ths definitive project (the Royal Opera will know about this problem). But for an opera-house totally re-conceived and built afresh, amply spacious, lavisbly appointed, it is difficult to think of a city luckler than Genoa.

As belits its original frontage. the interior of the theatre has kept in touch with classical features. albelt interpreted in a modern style. The auditorium (shout 2000 seats) is unlike any other in Italy, or anywhere else for that matter.

Sundey the Purcell

Room was packed for the Arditti's third recital (of

four, concluding this

Friday) in their snrvey of

Schoenberg and bis associates.

Reporting on the first, Andrew

once, to much more exciting effect.

They began with Webern's sole

"twelve-note" quartet, op. 28. With

blood - but the composer's rigorous

economy has potent charms. A

performance eo attentive ee the Arditti's was to paragraphing and

natural breathing, to balance and

to the vital nodes of the music,

cannot but re-create Wehern's

atmosphere of its own. All this, bowever, is a mere

Opera in Genoa/Richard Fairman

Donizetti's 'Roberto Devereux'

The side walls ere fashioned to resemble Venetian houses with their balconies forming the traditional side boxes, looking down on the stalls as though over a central piazza - s novel ides, which gives the theatre a thoroughly Italian

counterpoint to its triumphant main theme: the excellence of the acoustics. According to a recent opinion-poll the sound qualities of the new theatre have won almost unanimous approval, and I am not surprised. The voices project with remarkable clarity. At the performance of Donizetti's Roberto Devereux which I saw on Sunday each singer had only to step to the front of the stage to ensure an enormous vocal impact.

What with La Favorite in Cardiff

and L'assedio di Calais at London's Guildhall School of Music in the last fortnight, it would seem that Donizetti's serlous operas mey be inviting re-appraisal ahead of his hicentenary in 1997. Roberto Devereuxis one of the most red-blooded of all. To succeed, a performance needs to work up a real heed of steam in the royal show-down that crowns Act 2 and that is whet Jan Latham

With the exception of the main character of Elizabeth I - the Polish soprano Jolanta Omilian, not e great voice, but dramatic and strong, able to stamp her suthority on the opera - the roles were cast with some of the best of the younger Italian singers. Vincenzo La Scola was the stylish tenor Earl of Essex; the

Koenig achieved here, conducting

the vary respectable Genovese

baritons Roberto Frontali sang e well-focused, firm Duke of Nottingham, Best of all was Gloria Scalchi, who showed no sign of strain at all in tsckling the high mezzo part of Sara: clearly e notable

Audiences in Genoa are liable to express their displeasure at modern productions, so there wes no uggestion of updating this piece of Tudor historical fiction to the era of Thatcherite dominetion or Italian political corruption scandals. The staging was grandly traditional, with luxurious drapes and tapestries providing opulent spectacle for its Palace of Westminster locale. On its own terms it all worked splendidly and was a first-rate advertisement for a company happily settled in its new home.

With four years to go, the Royal Opera in London might also want to think about extending its repertoire to more of Donizetti's historical operas. The addition of Roberto Devereux, arguably the most exciting musically of the three, to its existing Anna Bolena and Maria Stuarda, would make a properly regal trilogy.

At the Teatro Carto Felice, Genoa

Concert/David Murray Arditti String Quartet

epprecistion of string-sound. e Beetbovenian density, but only Clements wrote here that their Everything told; it was e clairvoyant if its defining rules were as tough ultra-assured playing disclosed too little searching passion; but this time they warmed to their task et account, and one to remind us why Wehern's later music struck e postwar generation of composers with more revelatory force than Schoeoberg'e own. its spare, intricate, serenely unfolding patterns, It is not obviously e thing to etir the

For cootrast the Arditti threw in Wehern's 1906 "Rondo", e recent exhumation and e loquacious, skittery exercise in chrometics which shows what Webern - and Alban Berg too - might have stuck et, had their individual passion for deeper orgenisation (and Schoenberg's own stern example) not propelled them onward.

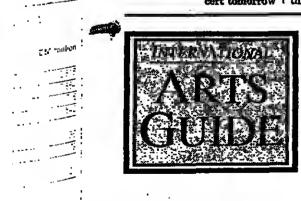
Hearing Schoenberg's 1927 Third Quartet next made the point vividly. Post-tonal writing could aspire to

as Beetboven's period-tonal ones had been. This Third, like Bartôk's Fourth, used to have e reputation for pursuing an ideal of the New all too single-mindedly (where their later quartets were supposed to aim at friendlier compromises). The Arditti performance proved that intelligent loyalty to the new plan can attain complete expressive conviction without cheating, without falling back upon stock Romantic

That bracing result was only slightly compromised, after the interval, by the Arditti's coolly rapturous account of Schoenberg's Verklärte Nacht sextet (with two

distinguished guests from the Alban Berg Quartet). Might it be s precondition for playing later Schoenberg so well that the players must have fethomed earlier Schoenberg, post-Romantic but pre-"dodecephonic", with sncb sympathy?

From the start of the 1899 sextet, where the Arditti turned the usual thick bass-swells into hard, doomy throbs, thus sharpening the drama of the piece immeasurably, it was clear that this "Transfigured Night" would be freshly transfigured. And it was: the later contrapuntal strife transparently argued, the apotheosis made luminous by professional care for the notes, without super-added sentiment. Before and after his single-handed musical revolution, Schoenberg earoed just such searching executive ettention - but iuspired champions of the Arditti order have been few end fer



AMSTERDAM

Concertgebouw Tonight: Richard Dufallo conducts Radio Philharmonic Orchestra in works by Wabern and Schoenberg. Tomorrow end Sat Vassill Sinaiski conducts Netharlands Philharmonic In Tchaikovsky and Beathoven. Thurs, Fri: Riccardo Chailly conducts Royal Concertgebouw Orchestra in works by Donatoni, Keuris. Diepenbrock and others, Sun: Krystian Zimerman piano recital. Naxt Mon and Tues: Tokyo String Quartet (6718 345) Beurs van Berlage Sat: Alexander Vakouleky conducts Het Orkest in Walton'e Celio Concerto (Godfried Hoogeveen) and Shostakovich's First Symphony. Sun afternoon: Netherlanda Chamber Choir In works by Pizzetti and Petrassi (6270 466) Muziektheater Tomorrow, Sat (in repertory till March 30): Gien Wilson conducts Plerre Audi's

production of Monteverdi'a

Ulisse, with Anthony Rolfe

Johnson. Fri (in repertory till April 9): premiere of Dutch National Ballet's new Tchalkovsky production, with choreographies by Balanchine and Edouard Lock (6255 455)

ANTWERP

De Viaamse Opera Tonight: finel performance of Glibert Defto'e production of Falstaff conducted by Stefan Soltesz, with John Del Carlo in title role (233 6685) deSingel Tonight: Mitsuko Shirai song recital. Fri: Bach concert with II Fondamento. Sat end Mon: Emerson Quartet. Sun: Sylvain Cambreling conducts Orchestra of the Monnala in Gerard Grieey'e Les espaces acoustiques (248 3800)

■ BRUSSELS Theatre National Tonight: Bettina.

Goldoni adaptation directed by Jean-Claude Beruttl. Dally till Palais des Beaux Arts Thurs: Herbert Blomstedt conducts San Francisco Symphony Orchestra In Sibellus' Seventh Symphony and Bruckner'a Fourth (507 8200)

■ GENEVA

Grand Theatre Poulenc's Dialogues des Carmeiltes canbe eeen tonight, FrI and Sun, in a staging by Françola Rochalx conducted by Michel Plasson. The cast includes Marie McLaughlin and Felicity Pelmer (311 2311) Victoria Hall Tomorrow: Armin Jordan conducts Orchestre de

le Suisse Romende In Frank Martin'a Violin Concerto (Petrick Genet) end Musergsky's Pictures from en Exhibition (311 2511). Thurs: Emmanuel Krivine conducts Orchestre Netional de Lvon at start of nine-concert Swiss tour (310 6611)

THE HAGUE

Danstheater Tonight: Opera Forum in Bizet's Pearl Fishers. Fri, Sat Nederlands Dans Theater in choreographies by Ribeiro, ven Menen end Duato (360 4930) Dr Anton Philipszaal Tomorrow:

Hague Philharmonic chember music evaning. Sun: Lev Markiz conducts New Sinfoniatta Amsterdam in works by Haydn end Mozert (360 9810)

UTRECHT

Vredenburg Tonight Vassili Sinalski conducts Netherlands Philharmonic in works by Tchalkovsky and Beathoven, Fri: Alexander Lazarev conducts Bolshoy Orchestra, Sat Ivan Fischar conducts Radio Philharmonic Orchestre In Schumann, Spohr and Dvorak. Sun afternoon: Jean Fournat conducts all-Debussy programme, with apprano soloist Françoise Pollet. Sun evening: Ton Koopman conducts Bach's St John Passion (\$14544)

ZURICH

OPERA This week's highlight et the Opernhaus is the premiare on

Sat of a new production of Massenet'e Herodlede with Grace Bumbry, Cecilia Gasdie end José Carreras. Manfred Honeck conducts e staging by Gianfranco de Bosio (also Merch 23, 25, 28, April 1, 3, 17, 21, 24, 28). The repertory also includes II barbiere di Siviglia tomorrow. Mademe Butterfly with Yoke Wetanabe and Francisco Araiza on Thurs, a ballst mixed bill on Fri and Sun efternoon, end the new Hernoncourt/Bergheus production of Der Freischütz on Sun evening (262 0909) David Zinman conducts concerts et the Tonhalle tomorrow end Fri. teaturing music by Ives. Micheel Torka and others. Sat

Emmanuel Krivina conducts

Orchestre National da Lyon (261

Sandor Vech conducts Camerata

1600). Next Mon in Opernhaus:

Academica in symphonies by

Mozart and Schubert (262 0909)

■ VIENNA

OPERA Staatsoper Tonight Giselle. Tomorrow and Sun: Il barbiere di Siviglia, with Gioria Scalchi. Rockwell Blake and Enzo Dara Thurs: Christoph von Dohnanyi conducts Adolf Dresen's new production of Slegfried, with Siegfried Jerusalem end Hildegard Behrens (also March 22, 28). Fri: Capriccio. Sat Medama Butterfly. March 27: Seiji Ozawa conducts revivel of Feistaff, with Benjamin Luxon (51444 2955) Odeon Impressions de Pelléas. Peter Brook's Debussy

edeptation. Delly till Sun (Wiener Festwochen 586 1676) CONCERTS Musikverein Tonight Alexie

Weissenberg pieno recital. Tomorrow: Clevelend Quertet.
Thurs end Fri: Pinchas Steinberg conducts Austrian Radio Symphony Orchestre in Wellesz's First Symphony end Mahler's Lied von der Erde (Linde Finney end Gösta Winbergh). Sat evening, Sun morning: André Previn conducts Vienna Philharmenic, with soprene Sylvia McNeir. Sun evening: lene Bashkirove pleys Schumann'e Piano Concerto with Tenkünstler Orchestre. Next Mon: Chick Corea (505 8190) Konzerthaus Herbert Blometedt conducts San Francisco Symphony Orchestra in works by Copland end Brucknar (tonight) and Dukas, Harbison, Sibelius and Stravinsky (tomorrow), Frl: Thomas Zehetmair trio. Sat afternoon and Sun morning: Vienna Chamber Orchestra pleys Beethoven, Schubert and Tchalkovsky. Next Mon: Budepest Feshval Orchestra plays Kurtag (712 1211)

■ WASHINGTON KENNEDY CENTER

France Danse Festival dominates the next two weeks, with performancee by leading French classical and contemporary dance companies, including Ballet de l'Opéra de Paria in a mixed hill of works by Petit and Lifar and Nureyev's production of La Bayadère . Alaxandrie

Symphony Orchestra gives e New York Philharmonic under Kurt Masur on Sat and planist Ivo Pogerelich on Sun (202-467

Baltimore Symphony Orchestra Fri. Sat. Sun at Joseph Meyerhoff Symphony Hall: Eri Kles conducts Streuss' Don Juan and Tchelkovsky'e Fourth Symphony. Next week: Swingle Singers (410-783 8000) THEATRE

 The Makropoulos Secret: Karel Capek'a Gothic fentasy. Till April 11 (Washington Stage Guild 202-529 2084)

 Uncle Vanya: a Chekhov production by Washington Shakespeare Theater, Till April 10 (Guneton Arts Canter 703-739 9886)

Summer and Smoke: Tennessee Williame' polgnant drama. Till April 18 (Arena Fichandlar'e 202-488 3300) JAZZ/CABARET **Blues Alley Jazz Supperclub**

Daily tilf Sun: McCoy Tyner Trio. Next Mon and Tues: pianist Marcus Roherts (1078 Wisconsin Ave, in the alley, 202-337 4141) Barns of Wolf Trap Tonight: Lavern Baker, R&B. Tomorrow: all-female group of Irlsh musicians end step dancers. Fri: Aslan American music. Sat Banjo Breakdown, classic bluegrass from Virginie. Next Tues: Krie Kriatofferson (1624 Trap Road, Vienna, Virginia, 703-255 1916)

European Cable and Satellite Business TV (All times ere Centrei European Time)

MONDAY TO THURSDAY Super Channel: European Business Todey 0730; 2230

MONDAY Super Channel: West of Moscow 1230. Super Channel: Financiel

WEDNESDAY Super Channel: Finencial Times Reports 2130

Times Reports 0630

THURSDAY 9ky News: Finencial Timss Reports 2030; 0130

FRIDAY Super Chennel: European Business Todey 0730; 2230 Sky News: Financial Times Reports 0530

SATURDAY Super Channel: Financial Times Reports 0930 Sky Newe: West of Moscow 11S0; 2230

SUNDAY Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Timas Reports 1330; 2030

between two of the world's leading automobile groups for the services of an Idlosyncratic Spaniard who calls his staff warriors" appeared to have ended yesterday in victory for Germany's Volkswagen and defeat for General Motors of

GM announced in Detroit yesterday afternoon that 52year-old Mr J Ignacio Lopez de Arriortua, its colourful head of worldwide purchasing, had def-initely quit - apparently to take np a contract of employ-ment with Volkswagen – after five days of wavering between the two companies.

However, a bemused Mr Jack Smith, GM's chief executive, told a news conference, sched uled to announce that Mr Lopez was staying in Detroit, that "it is not clear to ma what his intentions are, or where he is at the present time."

Volkswagen had spent weeks carefully wooing Mr Lopez, but GM fought a furious last ditch campaign to persuade him to stay, including an offer of promotion to executive vice presi dent of GM and the preside of its North American automo

tive operations. But, despite the promotion and entreatles from tearful members of his purchasing team, Mr Lopez decided to leave. GM said yesterday that factors in his decision included his family's desire to return to Europe and a GM decision not to huild a new kind of super-efficient manufacturing plant, championed by Mr Lopez, in the Basque region of Spain from which he hails.

Whatever the factors prompting the departure, such an intense battle over a man wbo just a year ago was unknown ontside the automobile manufacturing world illustrates how VW and GM's North American operations share some serious problems in common, notably bloated cost structures.

parts purchasing for GM Europe, based in Russelsheim, West Germany, between 1988 and 1992, was a key member of the team which turned GM Europe from losses into one of the world's most profitable vehicle businesses - and a stark contrast to the company's core North American operations, which have lost \$12bn over the past two years.

He radically altered GM's relations with its European suppliers and shifted a large quantity of work from high cost German parts companies to cheaper manufacturers in

Watching the whirlwind

Martin Dickson, Christopher Parkes and David Waller on the battle for a car executive



catalysts for change inside the

slow-moving, hureaucratic

company, sending a powerful

signal to employees and suppli-

ers alike that it is deadly seri-

ous about its restructuring.

With an engaging smile, and in

broken hut passionate English,

he has repeatedly warned the

American motor industry that western industrial society

risked defeat at the hands of

Western ability to create intel-

ligent excuses into positive cre-

ativity," he declared in a

speech earlier this month, tak-

ing a swipe at suppliers who

complained he was making

His personal idiosyncracies

have added to the impression

of fundamental change, For

example, nne of his first

actions on arrival in Detroit

was to issue staff with a booklet describing his preferred "warrior diet," which eschews

"poisonous" sugar and pota-

toes and encourages the con-

sumption of only fruit for

tion is a long way from comple-

1,000 Picos workshops in sup-

pilers' plants this year, and

However, the Lopez revolu-

- be was planning over

impossible demands of them.

"We must transform the

the Japanese.

ended up with nne of the lowest cost bases of any European mhler. In May last year Mr Smith, a former head of GM Europe, summoned Mr Lopez to Detroit to do the same in North America as part of a belated restructuring which also involves the closure of 21 plants and loss of at least 75,000 jnbs over the next few

Mr Lopez set about the joh with gusto. He infuriated some of GM's nutside suppliers by insisting that they slash their prices by 20 per cent or more. He initiated a system where hit-squads, so-called Picos teams, went into parts factories inside and outside GM, looking for ways to improve production methods.

Critics argue that his cost-cutting demands could endanger the quality of some GM parts, or discourage suppliers from carrying out research and development with the company. But Mr Lopez and his supporters point out that be has been offering much longerterm contracts to those parts companies which can meet GM's quality, service and price specifications

Whatever the truth, his campaign has already saved GM hundreds of millions of dollars and his presence in Detroit has will almost certainly slow the momentum of the company's

in urgent need of fundamental reform and Mr Ferdinand Piech, chief executive since the beginning of the year, is expected to announce Mr Lopez's appointment as part of a radical upheaval of senior personnal, to be announced after today's supervisory board

Mr Piech already has two former, hat more junior, GM managers on his staff at VW's Audi snhsidiary. Mr Erich Schmitt, a one-time member of Mr Lopez's cost-cutting team was recently appointed director in charge of buying, finance and organisation.

Mr Jürgen Gebhardt, Audi's

new production director, was poached from Adam Opel GM's German subsidiary, where he was plant manager at the low-cost showpiece works in Eisenach, eastern Germany. Opel has dented VW'a self-es-teem by stealing market leadership in the former GDR even though tha VW brand was recognised by more than 60 per cent of former east Germans hefore rennification, compared to less than 30 per

cent for Opel.

VW is thought to have made an operating loss of DM1bn in its core VW division last year and is weefully inefficient compared to other European and Japanese volume manufactur-

ing competitors. Whilst its rivals hegan rationalising over a year ago , VW is only now taking the hard decisions which will enable the group to weather what Mr Piech last week termed the worst downturn in the German motor Industry

VW needs to drastically reduce its cost structures over the next 12 to 18 mooths. Plans to trim the 276,000 workforce by 36,000, or 13 per cent over 5 years, look insuffi-

ciently trenchant to deal with VW's cost problem. VW has also begun to realise that it needs to reform its relationship with its suppliers, Audi'a Mr Schmitt recently said the group had set the goal of reducing the prices of components purchased from out-side suppliers by 25 to 30 per cent over the next four to five

Mr Lopez could, therefore be the change agent VW needs although his mercurial Hamlet-like behaviour over the pas five days might make Mr Piech wonder just what kind of one-man whirlwind be is get-

Joe Rogaly

Mr Major's talking head



man Lamont rises to deliver the Budget this afternoon, watch Mr John Major. sbouid to attentive

what will he one of the remarkable phenomena of the week. Observe: words will come out of the chancellor's mouth, but you will not see the prime minister's lips move. Mr Lamont's jaw will waggle up and down, but there will be no indication that Mr Major's hand is up the back of his jacket.

You may be forgiven for

thinking that your eyes are deceiving you. The Budget will be read out as if by Charlie McCarthy, America's most amous wooden effigy; the ventriloquist will he Mr Edgar Bergen, aka John Major. Some chancellors - Lord Lawson prings to mind - never sat on their prime ministers' knees, although even in the latter's case there was always something he wanted in the Budget that Lady Thatcher didn't, and vice-versa. Some rely for their iohs, their reputations, their very political existence, on the whims of their immediate hoss. In the present instance the dependence is two-way: Edgar Bergen desperately needs Charlie McCarthy to perform well; Charlie cannot perform

Old hands will protest that "it was ever thus", Chancellors meet prime ministers once a week or so for "bilaterals". It is always important that the prime minister of the day concurs with the strategy for managing the economy put to her or him by the chancellor. It is therefore unfair to Mr Lamont to argue that he is mouthing

Mr Major's policies. Possibly. The truth is that there is something more important at stake this afternoon

When Mr Nor- than whether this particular for him to do so. It is probable chancellor remains in office until this summer, next summer, or the one thereafter. Today's Budget is regarded by Downing Street as a part of the slow and necessarily painful process of putting Britain's administration back together again. It is intended to balp reconstruct the authority that was shattered on Black Wednesday. For Mr Major and effective persuader. his chancellor have yet to It is becoming fashionable rehuild the nation's confidence

> mance-related, and assessed according to public esteem, they would be living on social security. The pair of them are in the same boat, up the same creek, searching for the same paddle.

in their ability to do the jobs

they are paid to do. If their

remuneration was perfor-

If, as many believe, the chancellor irretrievahly lost his The prime honour when he failed to resign on that fateful Wednesday, what of ister? Both had defended Britain's position in the mechanism

with equal fervour, Mr Major because he believed in it, Mr Lamont because he had to. Both had spoken of the irreponsibility of abandoning the fixed exchange rate, right up to the moment that sterling was ejected from the mechanism. Some of their ministerial colleagues believe that the chancellor should have offered himself as a sacrifice, thus deflecting criticism from Mr Major, We do not live in such heroic times. The prime minister does of

course have the anthority to replace Mr Lamont, but be remains to be convinced that it would be politically profitable

that the success or failure of the chancellor's current energetic efforts to win a sympathetic hearing will weigh at least as heavily for or against him as the actual contents of today's Budget. The prime minister can influence or control the fiscal stance. He can pull the strings on that Image is another matter. Only the chancellor can turn himself into an

for politicians to recognise that that is what they need to do. President Clinton, learning the lesson taught with such hril-liance by President Reagan, is showing that he understands that direct communication with the electorate, always a necessary part of democratic government, is indispensable in the age of television. Mr Douglas Hurd,

one of the Brit-

iah govern-ment's few skilled practi-tionars of elec-

tronic persua-

sion, spoke last

Friday about a

growing tension

between

"achievers and

minister can control the fiscal stance of today's **Budget.** Image is Mr Lamont's job

> The burden of the foreign secretary's remarks was that the critics, especially when they "hunt as a pack" create "stereotypes which can lead us astray from reality". Mr Hurd is right. Britain's media gather as baying hounds upon this prey or that, nearly always collectively. The foreign secretary's remarks also suggest that doers are of greater importance than those who merely carp. As a former doer, but now one of the latter breed. I how my head in acknowledgement - adding only that when achievers make a mess of things, we critics get inordinate enjoyment out of

to the government. Its more sanguine ministers believe bope - that the pack will start baying a different tune when economic recovery is seen to be underway. The little matter of the bill to ratify the Mass tricht treaty must also be over and done with. As to that, the government's chief whip, Mr Richard Ryder, accepts that he cannot cobble together a majority unless Labour abstains. Procedural motions and amendments for which Labour proposes to vote in favour, will be lost. But Labour needs to abstain on the big issues, in order to maintain its

ger

You will see from this summary of its position to date that the government has positioned itself on a ladder of achievement, upon which It aims to climb away from the critics' jaws. The first step was last autumn's public spending statement. The second is this afternoon's Budget, the third the passage of the Maastricht bill. Economic recovery is the final leap.

It will not be so easy as that sounds. The autumn spending controls were relatively paines; it is the current search for long-term cuts that is truly difficult. The economic recovery will have to run long and strong before the fear of unemployment is eliminated from Conservative voters' minds. The Maastricht bill remains a

Tomorrow's verdict on the Budget, almost certainly favourable, will be premature. As the late Iain MacLeod used to say, you should not judge a Budget until the finance bill is published. That is about a month away. Meanwhile, to save himself, and his mentor, Charbe McCarthy will have to keep talking, swivelling his bead round to whoever will catch his eye.

THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Economic reasoning is faulty

From Mr Robert Solomon. Sir, Lester Thurow's Personal View (March 10) on the need for the expanding US economy to "decouple" from its trade partners contains some remarkably faulty eco-

nomic reasoning.

Ha argues that a surge in manufactured imports would create increased unemploy-ment as the US "locomotive" moves ahead faster than other countries. Yet that surge in imports would depend on a much larger surge of demand and gross domestic product in America.
Imports of manufacture con-

stitute only 5 per cent of America's GDP. Thus to get Thurow's \$45hn surge of such imports, GDP would have to move ahead by \$900bn or 15 per cent. That would create many more new jobs than the \$45bn of additional imports would displace. This is rather obvious first-

level economics, and it is surprising that the Dean of the Sloan School at MFT needs this

Robert Solomon, The Brookings Institution, Avenue, NW, Washington DC 20036, US

Not so much tropical rainforest

From Prof Ghillean T Prance. Sir, I should like to correct the alarmingly optimistic fig-ure for the area of this planet which is covered by tropical forest, given in your articla, "FAO cuts estimate of tropical forest loss" (March 9). This states that 37 per cent of the planet is covered in tropical

It states correctly that, according to FAO figures, 1.75bn hectares of tropical forest remain; however, this is not 37 per cent of the planet. It is 3.4 per cent of the total area of the planet and 11.6 per cent of the total land surface of the

More alarming for those of us trying to preserve the bio-diversity of the species-rich tropical rainforest is that it has now been reduced to 0.83hn hectares, or only 5.5 per cent of the total land surface.

There is no room for complacency if we are to preserve this ecosystem which is so vital for the functioning of our planet. Ghillean T Prance director.

Royal Botanic Gardens, Kew, Richmond, Surrey TW9 3AB

CUMBRIA

Ford chief spells out how UK government must aid industry

feeding on their flesh.

Sir, In your leader about manufacturing on March 8, This is true, and for our part at Ford we have been working with some success to improve our basic design, engineering and assembly capabilities. Also, we have been investing in new products right through the recession. Our aim, along with many other manufacturers, is to provide more exciting, safer products, with higher quality and lower costs.

From the government, in the near term, we bope that in today's Budget there will be no measures that will stifle the first indications of recovery in car sales, and that revisions to company car tax will not result in tax bands that would continue to cause distortion of the

market at threshold levels. More fundamentally, we believe that the government

we consider that any education or training programme should recognise the importance of developing professional standards, at all levels of industry. Government should also assess the merits of establishing a new science and engineering college with the amhltion to earn a reputation for excellence similar to that of universities such as MIT in the US. The government can help

industry by creating the right economic environment. This includes stability in policies, investing in the nation's infrastructure, the creatinn of a true common market in Europe, and a conclusion of the Uruguay Round.

examine carefully whether it is yon said that the answer to should snpport industry likely to strengthen or weaken previous difficulties lies partly through the provision of better that have of vital research and in government policies but also scientific, technical and maning the hands of industrialists. try. For example, Japanese cars produced in the UK, together with the components they contain, are largely designed and engineered at centres in Japan.

H011-

Finally, the powerful long-term causal links between manufacturing success and success in key service businesses should not be forgotten. The huge success of Japanese manufacturing exports of the last decade made possible the dramatic growth of Japanese banking around tha world; not the other way around. Ian G McAllister. chairman and managing

director. Ford Motor Company Brentwood, Essex CM13 3BW

Only one justification for no tax increase tion. If a tax increase is consid-

From Prof Douglas McWilliams. Sir, I hesitate to question Mr

Samuel Brittan's analysis. though my hesitation is not increased by the fact that he can pray in support six of the government's allegedly wise men. The quality of an economic judgment seems to be invarsely proportional to the number of economists potting it forward simultaneously witness the 364 co-signatories of the 1981 letter to the Times or 4,000 ex-employees of the East German ministry of eco-

But Mr Brittan's argument that a tax increase should be delayed (Economic Viewpoint, February 25) appears to be based on an inconsistent the ory of expectations formula-

ered to be probable, in the real world most people will take this into account in their hehaviour even before it is annunced. Sn the case for delaying an inevitable tax increase is weak. The only justification for Mr

Lamont avoiding a rise in taxes in his Budget is that he may feel that taxes will not need to be raised at all. If he feels confident that Mr Portillo's review will deliver sizeable cuts in public spending, this would justify a nentral Budget, leaving the revised levels of public spending to be announced in November.
While the government con-

tinues to borrow £1bn a week, it remains subject to the moods of the financial markets. And

these markets have tended not to give Mr Lamont the benefit of the doubt. Their confidence in UK economic prospects is only likely to revive when the chancellor puts forward a programme to eliminate public borrowing based on something more credible than Ms Rosy Scenario (who made an unwel come reappearance in the Autumn Statement). Such a programme would improve the trade-off between interest rates and the exchange rate and create scope for further cuts in interest rates if the recovery fails to gain momentum. Douglas McWilliams. chief executive, Centre for Economic and Business Research,

Perfectly clear From Mr Innes Hamilton.

Sir, Your comment ("Major most persevere", March 10) that "Paddy Ashdown wants his party to be noticed" and use of the word cymically were regrettable and unworthy.

The Liberal Democrats have made it perfectly clear that they will use every endeavour to obtain ratification of the Maastricht treaty. Equally that they will do all possible to ensure that the social chapter is included. Nothing could be clearer than those aims and I am sure they will vote accordingly. It is a pity that others are less clear and constructive. Innes Hamilton. Christchurch Road Virginia Water,

Surrey,

Reality of PowerGen pay talks

From Mr Tony Cooper.
Sir, The headline to your

report on PowerGen's pay offer ("PowerGen grants pay deal of up to 5 per cent", March 12) talked the level of the settlement up to 5 per cent but, as was correctly reported in the latter part of the story, the reality is different. Such exaggeration damages the process of open and fair negotiation. The offer which is now to be

subject to a ballot of the trades anions' members in PowerGen is for a 2.5 per cent increase in basic salaries for all staff. A further one off lump sum bonus in recognition of productivity improvements is attached to the offer. Both sides recognise the substantial nature of such "improve-

ments", which have come from staff reductions of about 1,000 in the last year and nearly 4,000 since privatisation. Although the government

Regents Park, London NW1

18 Kent Terrace,

does indeed still own 40 per cent of PowerGen it has main tained a consistent refusal to take an active role in the company's affairs (even when the coal crisis may have justified it). I have no besitation in defending the freedom of both sides in the negotiations to reach an agreement tailored to PowerGen's circumstances. Tony Cooper, general secretary, Electrical Power Engineers Association, Flaxman House, Gogmore Lane, . Chertsey, Surrey KT16 9JS

over 1,300 in GM ones - and his departure for Volkswagen after only 10 months in the job other parts of the region. GM been one of the most powerful WHEN WE TALK ABOUT FACILITIES, WE MEAN A GREAT DEAL MORE THAN SINKS, LOOS AND 13 AMP SOCKETS. At Westlakes Science & Technology Park, vou'll find that what we have to after your Beyond the walls of our superb facilities lie

ENVIRONMENTAL SCIENCES nat only the unrivalled surroundings of the English to utilise the facilities of tine of England's mist (EPIDEMIOLOGY) technologically advanced companies Westlakes, British Nuclear Fuels plc is affering Tenants of the Science and Technology Park MOLECULAR **BIOLOGY** OCCUPATIONAL HEALTH If you wish to find out more about WESTLAKES THINKOFIT ores, Westfolgs Properties Ltd., Ingwell Holl, Westfolgs Science & Sec Park Moor Row Whitehoven, Cumbro CA21 312, Tel 0946 500818

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FINANCIAL TIMES

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Tuesday March 16 1993

German pain postponed

demonstrated that its famed consensual model lives on. Many observers feared that Chancellor Helmnt Kohl's solidarity talks were an excuse for inaction in addressing Germany's mounting fiscal problems. But this weekend's package confounds them by raising income tax 7.5 per cent, through a reintroduced solidarity aurcharge from January 1 1995. and hy increasing public borrow-ing for east Germany hy some DM60bn. Yet these actions do not solve Germany'a problem. For while the agreement hrings some clarity to the fiscal muddle, it does so mainly hy illuminating the fact that Germany's structural budget deficit is here to stay.

what has happened overnment, its more interested before the fact will san different time what the factory is seen to way. The little mane if or catify the Mane and the factory is also be one of the factory of the fac

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The autumn spends

The solidarity pact must he judged first in political terms. The minds of both main political parties have been concentrated by the large falls in their combined vote in the recent Hesse municipal elections. On these terms, the cross-party deal, finalised in 21/2 days of fraught negotiations, was an admirable success. Mutual compromises have enabled the government to squeeze from west-ern Germany's federal and state budgets the extra DM110hn it needed to finance transfers to the eastern states in 1995. It also rebalances the division of tax revenues between the federal and lander governments.

Economic fudge

Yet it is unlikely that the Bundesbank's medium-term fiscal fears will he allayed by Mr Kohl's agreement, even if the bank is convinced that falling output and moderating western wage demands justify faster rate cuts now and is therefore prepared to bow to increased political pressure to accelerate the slow easing of short-term interest rates that has been under way since last September. Good politics the pact may be, but in economic terms it bears all the hallmarks of an unsatisfactory and misconceived fudge. . -

Judged as a solution to the problem of sharing the hurden of transfers to the east, it is unbal-anced, vague and almost certainly insufficient. Almost all of the extra financing will come from higher taxes and increased bor-

WITH BROAD smiles and much fraternal hack-slapping, Germany's fat welfraternal hack-slapping, Germany's political establishment has DM9.2bn in spending cuts comes from concealed tax increases achieved by cutting tax allowances; another DM1.8bn is dubiously expected to come from reduced welfare fraud; and at least DMIbn in spending cuts will come

> from sources as yet unspecified. Tha package is expected to reduce the federal budget deficit to DM63.8bn in 1995, DM7.8bn higher than previously forecast. But the projections are based on the overly optimistic assumption that output will grow by 3 per cent in both 1994 and 1995, despite the higher taxes and long-tern interest rates that the package is likely to inflict on west German industry. If the economy recovers at a more realistic 2 per cent a year, then the total 1995 deficit, forecast at 4½ per cent of GDP, looks decidedly structural.

Deeper problem

The etructural deficit is evidence of a deeper problem. Domes-tic demand in the east now exceeds eastern production by 87 per cent. But rather than trying to close that gap, the pact merely finds a less-than-satisfactory means of financing it Productivlty in east German manufacturing industry is 70 per cent below that in west Germany and engineering wages already stand at 70 per cent of those in the west. But rather than trying to close the gap between eastern wage costs and productivity, the pact merely finds ways to continue subsidising east Germany's "core" hut unprofitable Industries.

The sad fact is that Germanstyle consensus, while adept at tinkering with the symptoms, is still failing to solve the underlying problem that is undermining the east German economy - the rapid pace of convergence of wages between the eastern and western lander. And while the government celebrates its success, IG Metall, the engineering union, continues to plan a series of strikes next month in support of a 26 per cent pay rise for those of its eastern members who still have a joh. Unless this process is arrested, and the threatened strikes are averted, then Germany's solidarity pact could quickly unravel.

How not to run the BBC

THIS WEEK, the governors of the BBC meet in an atmosphere of crisis. Following revelations about the unseemly pay contract of the corporation's director-general, there are widespread calls for resignations and dismissals. The

board is badly split. Déjà vu in 1987, one directorgeneral was dismissed in controversial circumstances. Four years later, a second's desire for a further term of office divided the board and resulted in a two-year fudge in which the BBC was hobbled with a director-general and a director-general-in-waiting, Mr John Birt. It is unw Mr Birt's future which aeta governor against governor.

Given that the single most important managerial task of the governors is to select and then monitor the progress of the direc-tor-ganeral, such an accldent-prone system cannot be said to be working well.

The problem is that the governors do not know what they are there for. A miscellany of academics, artists, Whitehall types and business executives, the law says they are responsible for ensuring that parliament's wishes, enshrined in the corporation's constitution, are fulfilled, in its clearest sense, their mission is to regulate, standing between politicians and broadcasters. in practice, governors make their infinence felt by controlling the most senior appointments and discussing any issue which takes their

Blurred boundaries

This has meant that the governors do not do much well. Their ability to supervise standards of taste has been judged so defective that other bodies have entered the vacuum. Individual governors openly differ on whether they should exercise the right to view programmes before transmission. On the managerial front, they

have tried to work more closely with management, holding more joint meetings. It is not surprising that in this atmosphere of blurred boundaries, nobody has been precise about who should do what. Do all top appointments have to be by open competition? Some think so, hut many have not been. Who determines the terms and conditions of senior managers? The whole board? A remuneration subcommittee? Whoever the chairman happens to invite in for a

It is against this background that the affair of Mr Birt's con-tract must be judged. That he made a serious misjudgmant in believing he could be the corporation's first freelance director-general is beyond doubt. To the ordinary citizen, these accountancy fictions, with their unidantified secretaries and giamorous-counding expense accounts, are a fiddle.

Not indispensable

The mitigating circumstances are that his tax arrangements were legal, approved by the Inland Revenue and accepted by his employer. Mr Birt has apologised, put his arrangements in order and should now be allowed to get on with the job. He is not indispensable to the future of the BBC, but it is primarily his vision which informa tha case tha BBC has made for a new royal charter. Most who wish to see him ousted would prefer a more comfortable notion of the BBC's future, but this is fantasy. The real question about Mr Birt's vision is whether it is radical enough.

The other reputation on the line is that of Mr Marmaduke Hussey, chairman of the board of governors. Mr Hussey's achievement has been to find Mr Birt and to back him, against much mutiny, in the pursuit of a more efficient and accountable BBC. He has helped put the BBC in a stronger political position than it has enjoyed for decades.

But Mr Hussey is a schemer, a Fleet Street alley cat. He has alternately charmed, hullfed and excluded governors unsympathe-tic to his purpose. This is not a style appropriate to the reformed mode of governance the BBC itself envisaged in its recent response to the government's green paper. That document calls for less meddling, clear structures, defined reporting lines, consistently monitored standards and effective

mechanisms for complaint. Mr Hussey has performed a pub-lic service in kicking the BBC towards a more realistic view of its future. The government should now ask him to prepare, in an orderly fashion, to hand over to a

he French state's industrial frontiers have slowly, sometimes painfully, receded over the past decade as economic deregulation has started to taks root in what has long been one of Enrope's most interventionist countries.

The conservative team expected to succeed the Socialist government after the general election at the end of this month is preparing to surrender yet more of the state's role as a manager and owner of industry. Just how far the alliance of the Gaullist RPR and centre-right UDF is prepared to let go will set the tone for French industry policy for the life of the next govern-

Conservative advisers are putting the finishing touches to an ambitious privatisation programme to raise up to FFr200bn (£25.1bn) over four to five years according to the most optimistic opposition plans. It will mark a sharp acceleration of the partial privatisations under the Socialists, worth FFr16bn last year, and aims to complete the privatisations started by the conservatives during their last government from 1986 to 1988, when FFr120bn worth of state companies were

All state-owned hanks, insurers and industrial companies will be on the block, promises the opposition. The candidates for the first round of sales include Elf Aquitaine, the oil group; Rhone-Poulenc, the chemicals company; and Banque Nationale de Paris, the second-largest state-owned bank. All three of these groups are already partly privatised and performing well. One of the three big state insurers, UAP, AGF or GAN, is also expected in the initial batch of sales.

The government will choose the rest of the disposals from the uncompleted privatisations on its 1986 bit list of 65 companies, of which 29 were sold. The list includes stars such as Pechiney in aluminium and packaging, which is already quoted on the stock market. But there are already some indus-trial headaches like Bull, the lossmaking computer group which last week announced a FFr4.7bn loss for 1992, and Thomson, the struggling

There will also, say opposition advisers, be one important new candidate not on the 1986 list Renault the carmaker, which three years ago started on the road to privatisation by exchanging minority stakes with Volvo, the Swedish automotive group. The privatisation of Renault would be an important step in the decline of interventionism because the group has been used as a crucible of industrial and social policy experiments by successive postwar

We have no doubt that Renault will come on to the market, perhaps after the first wave of new privatisations, it is highly symbolic and also happens to be one of the state's best assets," says Mr Willy Douin, sident of CS First Boston France, the Paris hranch of the Swiss merchant bank.

The actual candidates will be published in a privatisation law, to be in the spring. Partial privatisations partner, Dresdner Bank.

rench opposition leaders will be tempted to cele-brate their likely election victory at the end of this month by purging state industry of the company chairmen most loyal to the Socialists.

It might seem curious that this is possible in a modern and competitive European economy, yet there is pressure on both sides of the rightwing RPR-UDF alllance to put supporters of the new government at the head of state companies before they are privatised.

There is also the urge for revenge. The conservatives have not forgotten the wholesale management changes staged hy the Socialists during the nationalisations after their 1981 election victory. Heads have rolled, though not so many, after each change of

power since then. The prospect is said to hava

Assault on the state's frontiers

The privatisation of French industry will accelerate sharply if, as expected, the conservative parties form the next government, writes William Dawkins

of atate utilities such as France Télécom and Electricité de France are also under study, although these are thought to be a few years

The threat of recession facing the French economy means this round of privatisations will be more difficult at first than the last round of wholesale sell-offs. This took place over an economically euphoric 14 months, ended by the 1987 stock market crash and the conservatives political defeat.

Yet the aigns are that the new sell-off candidates could pass more completely into the private sector than the last iot. in many cases, the former right-wing government managed to keep some control of privatised companies by selling stakes in tham to so-called noyour durs or hard cores of companies owned hy Gsullist RPR party support-

The Socialists tried to dismantle these groups by enlarging the ownership of state companies, although they maintain the principle that some kind of national control is needed. The Socialist-appointed chairman of Renault, Mr Louis Schweitzer, for example, argues that his company must remain majority French-controlled, if priva-

nt this time, it will be harder to press-gang noyaux durs into action. Corporate France has less spare cash in these tough economic times than in the late 1980s. The growth in foreign investment in French companies means their boards now have to concentrate more on increasing earnings than keeping on the right side of their political friends. Some noyaux durs members received a poor return on their investments in the last round of privatisations both in profits and power - and so are cautious over being drawn in

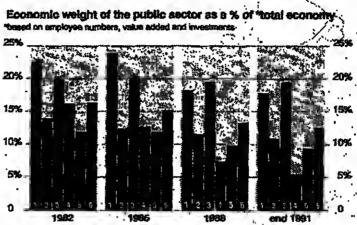
Big French corporate investors in new privatisations, therefore, will be motivated more by industrial, rather than political logic. One example is Alcatel Alsthom, the privatised telecommunications and engineering group, whose chairman, Mr Pierre Suard, is close to the RPR. He says he is interested in taking a stake in France Telécom, the state telecommunications opera-

Other privatisation candidates might use this opportunity to speed up their strategy of seeking share exchanges with foreign partners. French privatisation: stepping up sales

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	Date of privations	Share price at privations	Current Share price	eduloedA excermolised
Saint Gobain	Nov 1986	310	541	74.5%
Alcatel-Alethom	April 1987 ·	323	656	103:1%
Haves	May 1987	187	471	151.9%
Société Générale	Jun 1987	407	654	60.7%
Suez	Sept/Nov 1987	261	305	16.9%
Paris CAC Génés	raje Nov	*86 383.6	528.5	37.8%

Some of the leading companies proposed for prival aution 1988-1988 right wing government but not fally sold of yet . Pechiney @ Rhone-Poulenc . Elf Acultaine . L'Union des assurances de Paris Que Groupe des Assurances générales de France Banque nationale de Paris Crédit Lyonnals



1.France 2.Germany, 3.Italy, 4.UK, 5.Spain, 6.EC average Source: Centre Européen de l'Enterprise Public

Despite the problems, few doubt thet the privatisations will get off the ground, cautiously at first because of the fragility of the Paris stock market's recovery since the beginning of the year, hut faster as the economy picks up.

The programme is likely to be successful for two reasons. First, the political will is there. The new government is likely to get a record majority in the national assembly and should be able to impose its policies with ease.

Second, there is more than enough pent-up demand. France's top industrial companies are far less represented on the Paris Stock on their domestic markets. The capitalisation of the Paris stock market is equivalent to just 30 per cent of gross domestic product, less than half the 65 per cent of US GDP represented by US stock markets, estimates CS First Boston.

On the political front, Mr Edouard Balladur, who as former finance minister masterminded the last round of right-wing privatis-ations and might be the next prime minister, believes the process is

He argues that it will make it easier for former state sector companies to raise capital independently of the cash-strapped state exchange than their competitors are that it will encourage more efficient

management; and that the proceeds from the programme will help the government fund the tax cuts needed to atimulate France's flag-

ging economy.

Privatisation is prominent on the joint RPR-UDF election manifesto, where it commands more of a consensus among an otherwise divided coalition than other economic matters, such as monetary policy. This is no surprise, for Mr Balladur's sell-offs were one of the few real successes of the last conservative

On the demand side, the opposition has several reasons to be opti-mistic. First there is the FFr1,300bn of mainly private investors' savings now sitting in lightly taxed Sicav

money market funds.

A lot of thet cash is likely to be seeking a new home in future. because the ceiling below which Sicav disposals are tax-free was reduced in January from FFr317,000 to FFr158,000 a year. For the first time in three years, the total invested in Sicavs has started to fall, also helped by the isunch of a tax-exempt equity savings plan. A fall in interest rates, plus the extra tax hreaks for long-term private investments promised by the opposition, would push more of French households' savings into

oreign institutional investors will be another big source of demand, if they continue to increase their exposure to the French

According to the Banque de France, 28 per cent of French pub-licly quoted shares are now in foreign hands, up from 21 per cent two years ago. If foreign inveatora believe, as most analysts in Paris do, that the opposition will be able to hold the line on the "franc fort" policy, they will have a clear interest in buying more shares in wellmanaged privatisations on the hrink of recovery.

What is unclear is just how much the new government will be able to curb the temptation to meddle in its newly privatised companies. "French industry is still run by members of a small elite who move in and out of industry and politics," explains a US securities ana-

He adds: "They need to purge the system, because it is so alien to what their competitors are doing, hut they are not ready to let

Here the opposition is divided both on generational lines and between the free-market UDF and the more interventionist RPR. Some of the older leaders still believe in a degree of state intervention, while young reformers, among them Mr Alain Madelin, former UDF industry minister, are strong upholders of free markets.

An important test of whether or not the urge to intervene has receded will be just how many Socialist-appointed public sector company chairman the conservatives decide to throw out after the election. At least half a dozen bosses of state companies will be particularly anxious about the first

Prepared for a purge

a different strategy.

Foreign partners are worried. notably Volvo, which is keeping its fingers crossed that there will no change in the management of Renault, the government-owned carmaker in which it holds a 20 per

Mr Edouard Balladur, tipped as a leading prime ministerial candidate for the conservative RPR, has told his team that he does not want a witch-hunt. He is sensitive to the fact that French state industry's foreign competitors suffer no such political risk.

Whether moderates like him get

hrought decision-making in some state groups to a near halt, for fear that a new chairman might follow is not clear, the vulnerable company chiefs are:

● Lolk Le Floch-Prigent, chairman of RIf Aquitaine, the oil group which is France's largest company in terms of turnover.

The right is thought unlikely to want to leave a close friend of Pres-Ident François Mitterrand in charge of this strategically important company. The previous conservative government kicked Mr Le Floch-Prigent out of his last state industry job, as chairman of Rhône-Poulenc in 1986 and might drop him again, to the applause of his enemies at the influential Treasury, but possibly to the alarm of his

 Jean-Yves Haberer, chairman of Credit Lyonnais, one of Europe's largest banks. He is blamed for the bank's high-

risk expansion and its exposure to embarrassing problems such as Hollywood'a MGM studios, which have frustrated right-wing hopes of a quick privatisation for Credit Lyonnais. Mr Haberer's close links with Mr Pierre Beregovoy, the prime minister, count against him, though he also has highly placed friends on the right. • Mr René Thomas, chairman of Banque Nationale de Paris.

His management is respected, but Mr Thomas, 64, is due to retire at the end of the year, offering the

right a convenient opportunity to hand this important job to a supporter. Shadows are hanging over the

futures of Mr Gilles Menage, a former chief of staff to Mr Mitterrand, who now runs Electricité de France, and over Mr Jean Peyrelevade, chairman of UAP, the biggest state insurer.

Also at risk are Mr Alain Gomez, the Socialist appointee who has run Thomson, the troubled electronics group for the past 11 years, making him the longest-surviving chairman of a state-owned group, and Mr Yves Lyon-Caen, chairman of the Credit Netional bank and a close colleague of former Socialist prime minister Mr Michel

William Dawkins

OBSERVER

Kerry's turn to roll

■ Who stands to lose the most from Australia's rejection of the conservative opposition parties in Saturday's general election? The answer is probably not John Hewson, the luckless conservative leader, but Kerry Packer, Australia's richest gambler.

In the past, Packer has made money under both Labor and conservative governments. But the latest election result means there will be no change in Australia's banking and media laws. That is bad news for Packer, who owns 10 per cent of Westpac Banking Corporation, and has recently acquired 5 per cent of Fairfax - Conrad Black's

Australian newspaper group Packer would like to bid for both groups, but is prevented by Labor legislation which limits him to 15 per cent of each. He could have a tilt at Fairfax if he sold the Channel Nine television operation, but thet would mean giving up control of Australia's top-rated tv channel, which is also a big money-spinner.

However, Packer has been dealt worse hands before and come up trumps. He is still showing a profit on his Westpac punt, and the underlying profitability at Fairfax suggests he isn't going to lose a fortune there. Nevertheless, it would be surprising if Packer were

content to remain a passive investor for long. Although Westpac doesn't want Kerry on its board, perhaps Conrad Black should hedge his bets hy

inviting him to join his Fairfax

happier with Kerry on the inside.

board. Even Black might feel

Blooming

■ It's Budget day and the "green shoots" are sprouting. Blackpool Pleasure Beach, home of the world a tallest roller coaster, reports that last weekend saw a record number of visitors through its turnstiles. Meanwhile, a colleague has received an unsolicited letter from North London estate agents Benham & Reeves saying they have lots of buyers for his house . . .

Name game

■ One of the puzzles about HSBC Holdings is why no high-powered image consultant has come no with a better handle. It's a funny name for one of the world's top 10 banks. Cast an eye down the list of the world's blue-chip lenders and one has to look a long way before finding a more forgettable name than HSBC Holdings. Apparently, there was once talk about rechristening Honkers and Shankers something rather airy-fairy like Trade Winds or Mercator. But that idea was soon

shot down as a hit too racy.

If the powers that he can't think

up anything else, and given that

盟

two of HSBC'a main banks are called Midland, it might even be worth renaming the groop Midland Bank international ... after a decent interval, of course.

Charity-speak

■ Some pretty improbable sounding charities - such as the Solicitors Benevolent Association and the Girls Friendly Society - figure among those in The Henderson Top 1000 charities guide which has just been published by Hemmington

But there is no disguising the fact that it is increasingly difficult to differentiate big business from

charity when it comes to jargon. One contributor to the guide enthuses about improvements in "donor base technology" but warns that "cold donor acquisition rates" are slipping below the threshold of commercial viability on first Not sure what it means, but no doubt it is all in a good cause. Twin feats Not just one, hut two feathers

in its cap can be claimed by the outplacement consultancy, Coutts, a subsidiary of the DC Gardner The first - helping to find new

jobs for about 1,400 ex-employees of the Bank of Credit and Commerce International - is a fair feat in itself, considering that no less than former CIA director Robert Gates publicly rechristened BCCI "the Bank of Crooks and Criminals International".

But the second achievement is surely greater. According to DC Gardner's chairman, Sir Kit McMahon, Coutts has been paid in full for the work hy Abu Dhabi's Sheikh Zayed bin Sultan al-Nahyan - which is more than can be claimed by most of BCCI's disgruntled creditors.

Liter-ally

■ Not content with one begging letter, the Turks have just come up with five in the hope of persuading the rest of the former Soviet Union's quintet of Turkic states to join Azerbaijan and Turkmenistan in abandoning Cyrillic notation in favour of

Roman script. Turkey's decision to increase the alphabet by the five new letters is a historic gesture. It is the first such change since the western reforms of Mustafa Kemal Ataturk in 1928 when the Turks themselves adopted the Roman script in place of the Arabic used under the

Ottomans. The additions, agreed after a four-day conference in Ankara, represent sounds already voiced in the dialect of Turkish used in

the republics.

Besides an additional e (written as a backwards E), the letters are a w, an x, a q, and an n with the reverse of a French circumflex over

As an added incentive to join the alphabetical alliance, Turkey is offering the republics printing

machinery and substantial technical assistance.

Funereal humour ■ Nice to see that company undertakers are developing a sense

of humour at last. An advert in the Financial Times

seeking potential buyers of Aprilwood Furnishings, makers of three-piece suites, says that it is "an increasingly well known brand, supported by excessive advertising during the last 12 months ...



FINANCIAL TIMES

Tuesday March 16 1993



KNITTING MACHINES INDUSTRIAL AND DOMESTIC SEWING MACHINES

North Korea heightens tension with threat of war 'at any time'

By John Burton in Secul and Our Foreign Staff

NORTH KOREA, facing strong international condemnation over its abrupt withdrawal from the nuclear Non-Proliferation treaty. yesterday heightened the tension by declaring that war could break out "at any time".

The new South Korean government of president Kim Youngsam, however, appeared to warn western allies not to react rasbly to North Korea's decision to pull out of the NPT and drive Pyongyang into deeper isolation which could provoke a military

Mr Ri Tcheul, North Korean ador to the UN in Geneva, said Pyongyang had stopped granting visas to foreigners. He

claimed that in the current US-South Korean "Team Spirit" military exercises, bullets and shells were being fired "towards our

"If we respond to it, It will mean a war and this war cannot but be an all-out war," Mr Ri said. "That is why we are stressing that a hair trigger situation has been created which could lead to an outbreak of war at any

In Seoul, Mr Kim said: "We never want North Korea to be isolated internationally nor do we want to inflict suffering on them." He emphasised that a diplomatic solution should be found.

Mr Han Sung-joo, South Korea's foreign minister, told the National Assembly: "Wa must prevent an armed conflict on the Korean peninsula at all in the interests of North Korea costs... We don't want the situation to go to extremes due to the North Korean step."

Mr Han said South Korea was seeking the help of China, which still has links with North Korea, to persuade Pyongyang to reverse its decision before the issue reaches the UN Security Council. Beijing has indicated that it is displeased by the North Korean action.

In Geneva. Mr Vladimir Petrovsky, director-general of the United Nations' European headquarters, condemned North Korea's withdrawal from the NPT. "This act does not correspond to the will of the international community," he said.

In a meeting with Mr Ri, he told the ambassador that it was

tion treaty rather than to weaken it". The North Korean government "would be responsible for all the consequences of its deci-sion". South Korean state television reported that Seoul would ask the US to delay pulling out the aircraft carrier Independence or US troops deployed from Okinawa, Japan, for Team Spirit. The defence ministry would not

"to strengthen the non-prolifera-

confirm the report. North Korean authorities have ordered a dusk-to-dawn blackout and put the nation on high alert, according to a foreign resident of Pyongyang contacted by Reuters. He said the government had barred foreigners from entering the country and would let foreign residents leave but not return.

Yeltsin claims his opponents Hoechst want to restore communism concern

By John Lloyd in Moscow and Our Foraign Staff

MR BORIS YELTSIN, the Russian president, yesterday accused his parliamentary opponents of seeking to restore communist rule. His aides signalled that he planned to secure popular support in a plebiscite under

international supervision.
In a statement issued by Mr Vyacheslav Kostikov, his press secretary, Mr Yeltsin accused the Congress of Peoples' Deputies of denying the people the right to a referendum and of "violating the constitution". Its decisions during last week's four-day session were "an attempt to ... return the levers of government to the communist nomenklatura".

Mr Yeltsin would give bis response in the next few days, Mr Kostikov said, adding in a later interview: "I think that Boris Nikolayevich intends to act as decisively as be showed himself capable of doing in the fatal days any closer to agreeing increased

of August 1991" - a reference to the failed communist putsch against Mikhail Gorbachev,

The latest clashes between the president and his hardline opponents in parliament came as western leaders repeated their support for Mr Yeltsin.

German chancellor Helmut Kohl warned that not only Mr Yeltsin's domestic reforms but also the entire process of peaceful international co-operation was threatened by the political backlash in Moscow. A similar message is expected to be delivered by French president François Mitterrand when be arrives in Moscow on an official visit today.

The expressions of International concern follow a weekend meeting of officials from the Groop of Seven leading industrialised nations in Hong Kong. However, beyond considering more effective ways of targeting their aid for Russia, there is little sign that western governments are tactic now appears to consist of proceeding to a plebiscite on who governs the country. Mr Yegor Galdar, former prime minister and now chief economic adviser to the president, said yesterday Yeltsin could constitutionally

hold such a plebiscite. Mr Galdar said "probably it would be a good idea to bold such a plebiscite involving observers from the international community.

Mr Yeltsin's opponents, by contrast, insist that Congress is the constitutional authority, Mr Konstantin Zlobin, the spokesman for the Russian parliament yesterday rejected the president's allegations and said that the 'democratic gains" made by the Congress last week "significantly reduce the possibilities of legal cover for the destructive activities" of Mr Yeltsin's advisers.

Compromise fades away, Page 2 Kohl speaks out, Page 2

Chinese premier Ll Peng: British Hong Kong governor Chris Patten had acted 'perfidiously'

Hong Kong stocks fall 5%

Continued from Page 1

was not one we could accept". Mr Li told some 3,000 delegates at the National People's Congress that Mr Patten's democratic reform proposals ran completely counter to Britain's "commitment" to bring Hong Kong's system into line with the Chinesecontrolled "Special Administrative Region" after 1997. "The British government", he added. "shall be held exclusively responsible for all serious consequences

arising from its latest action." Mr Li described as a "sacred right" China's resumption of sovereignty over Rong Kong in 1997 which "shall not be interfered with and sabotaged in any way. But be also observed: "We bope for co-operation, not confronta-

Hong Kong politicians, stockbrokers and political analysts, noted that he had not ruled out

Mrs Selina Chow, a senior member of Hong Kong's conservative political grouping known as the Co-operative Resources Centre, said: "It seems that there is room for further discussion."

However, it emerged yesterday that a planned meeting of the Sino-British Joint Llaison Group for this month was unlikely to proceed. A Foreign Office official said the two sides had not discussed an agenda for the meet-

blast raises

over safety By David Waller in Frankfurt

ONE person died and another suffered third degree burns yes-

terday after an explosion and fire at Hoechst's main plant near Frankfurt. The blast was the sixth accident Hoechst has suffered in less than a month - the first involving the loss of life - and imme-

diately prompted calls from

regional and national politicians for tougher safety controls in the German chemicals sector. The explosion occurred at 7.44am when the two men were preparing a section of plant for repairs. Hoechst said the cause

of the accident was not known. The explosion comes less than a mouth after Hoechst accidentally released 10 tonnes of chemicals - some potentially toxic from its Griesheim plant. The chemicals fell on the Frankfurt suburb of Schwanheim on Febru-

Although no one was burt on that occasion, dozens of residents visited doctors after the leak and there was an expensive and high-profile clean-np cam-

Last Friday Hoechst inadvertently discharged 100 litres of a poisonous sointlon into the Rhine from a plant in nearby

Boechst said yesterday it regretted the loss of lifa in the latest accident and would co-operate with investigations launched by the local police and legal officials from the state of

Mrs Ursula Tober, a Hoechst press officer, said the company was saddened and bewildered by the series of accidents, "We simply cannot explain it to ourselves wby all this has happened all at once," she said.

A cloud that floated from the plant over the Frankfurt suburb of Sindlingen yesterday was not dangerous to the public and dispersed quickly after the accident,

Hoechst said. Mr Klans Töpfer, Germany's federal minister for the environment, yesterday vowed to intensify pressure on the chemicals industry to improve safety standards. Hoechst bad already begun a comprehensive examination of its safety and other procedures after the first accident last

Approval for **USAir** deal

Continued from Page 1

disregard it while at the same time insisting that Australia and Japan abide by the provisions of their bilateral aviation treaties with Washington.

"We contend that the current US-UK bilateral agreement, negotiated by an earlier administra-tion, does not offer US airlines sufficient access to British and European markets.

"Even as we honour the existing agreement, the administration will pursue a new agreement this year that incorporates open skies provisions," he said.

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THE LEX COLUMN

Profits begin at home

HSBC Holdings is clearly pleased with the diversification represented by last year's acquisition of Midland Bank. But the 68 per cent increase to £1.01bn in the Hongkong Bank's attributable profits shows where the group's most dynamic growth still lies. Even without the currency conversion factor and the £270m gain from the sale of the Cathay Pacific stake, income in the Asia-Pacific region continues strong. Midland is unlikely ever to match the Hongkong Bank's astonishing return on average sharebolders' funds of over 30 per cent.

The danger remains of over-estimating tha bank's resilience if the Asian boom falters. At some stage, though probably not before 1994, rising US interest rates and narrower margins on Hong Kong business could produce a noticeable dent, especially if the political situation remains tense. Midland's profits should rise as provisions fall. HSBC's computer systems could bring remarkable efficiency gains, but they will take years to flow through and the bulk of the cost-cutting in Midland is complete.

HSBC may thus not yet have found the complete answer to its diversification dilemma. It is still heavily dependent on its volatile traditional market. The eventual answer might yet be to float all or part of the Hong Kong operation locally. The bank says nothing could be further from its mind when it is making so much money there. Indeed, but the chance could vanish for good if political trouble really strikes.

Airtours/Owners Abroad

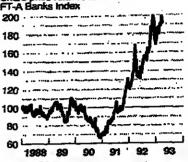
The battle between Airtours and Owners has become an unedifying doglight. Thomas Cook's last-minute move to buy 8.4 per cent of Owners' shares in the market at 1521-p apiece may have tilted the balance in the defence's favour. If so, Cook could then proceed with its tender offer for a further 12.5 per cent of Owners' shares at 150p enabling the two parties to consummate their strategic alliance. This may serve Cook's interests

well ft is not clear if it is as good for all Owners' shareholders. The guiding principle of the Takeover Code suggests that an offeror should treat all the offeree's shareholders equally. Cook has not made a bld and therefore has no such obligation. Nevertheless, it has cynically tried to curb Owners' sbareholders' freedom of choice. Although not prepared to bid. Cook is prepared to scupper a rival offer by

FT-SE Index: 2922.4 (+6.5)

HSBC Holdings

Share price relative to the



dislodging some loose institutional holders of Owners' shares. It would then be able to deter further bids with its large blocking stake. Wavering shareholders should reject such tactics. The Airtours' offer still looks the best alternative.

Sadly, this tale confirms how some bids have degenerated into back-room deals between companies and fund managers. Small shareholders might be forgiven for feeling cheated.

English China Clays

Having abandoned its adventure in bousebuilding, English China Clays now finds itself becalmed, Selling kaolin to paper makers will remain unrewarding until demand for the end product catches up with capacity. Given the cyclical downturn in Europe, that point may not be reached until well into 1994. Meanwhile, ECC is in no position to reverse the downward pressure on margins. The move into Pacific markets and an upswing in the US should offset the worst of the damage. The 1990 acquisition of Georgia Kaolin now looks well-timed. But without further steps in that direction, the growth prospects are far from obvious.

ECC could usefully raise as much as £150m by disposals from its land bank and redeploy the funds where growth prospects are better. Given the groggy UK bousing market, though, it would not do to count on an early realisation. A debt-funded acquisition would be another way forward. Having replaced most of its auction-market preference shares with last year's rights issue, ECC's balance sheet is strong. The worry is that higher interest charges would eat into free cash flow. That might undermine the secure 5.8 per cent yield on which the sbares now depend.

Olivetti

Olivetti's rights issue has the look of a company sticking its finger in the dyke. The L900bn raised has to be set against a declared loss last year of against a declared loss last year of L650bn and provisions for restructuring over the last three years of L700bn. While the issue will wipe out net debt, computer prices are still falling, so further cost-cutting will surely be necessary. Even Olivettl has tacitly accented that investors have not be necessary. accepted that investors may not be keen by pitching the issue at the deepest discount legally allowed.

Larger and more august companies than Ollvetti have been humbled by the collapse in computer manufacturing margins. While further price falls may be limited as worldwide capacity is cut, it is hard to see European companies becoming the lowest cost producers against Far Eastern competi-tion. And with most of the value being added at the chip level by US firms, assemblers such as Olivetti will struggle. The future of European production is thus far from certain. Even Olivetti's alliance with DEC may not give It much muscle in the expanding Risc chip market, DEC, meanwhile, can contemplate its purchase of a 4 per cent stake last summer at L8,000 per share, which it can now add to by taking up its rights at L1.000 each.

British Airways

BA is delighted that the first \$300m. stage of its investment in USAir has been temporarily approved. In truth, the US transportation secretary had no alternative under existing aviation agreements. The crucial question is: what follows?

Mr Federico Peña will press hard for a revised bilateral aviation agreement with the UK government giving US carriers greater access to the European market. BA will then face a tricky calculation whether to cede some Heathrow slots in the hope of receiving US regulatory approval for the next two phases of its link up with USAir. These stages would bring the real operational rewards.

But such considerations may be academic. In its current mood, the US Congress would bristle at approving any agreement allowing BA faller access to the domestic market no matter what Mr Peña may agree...

Forte Crest announce the arrival of

Business Class.

Business Class has certainly taken off at Forte Crest. It covers a full range of benefits and services. In fact you won't find a better value four star hotel in the UK. Because if you're not completely satisfied, we'll pay for your next night with us. It's what we



call our Satisfaction Guarantee. And that's a real departure from the competition. To experience our Business



Class, call your travel agent.

In a business class of its own

FINANCIAL TIMES COMPANIES & MARKETS

Tuesday March 16 1993

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BTP agrees job-cuts rescue package

Compagnia BTP, the French hank that apeciallses in finance for property and building, has agreed an emergency rescue package that includes a 35 per cent cut in overheade, chiefly through shedding 220 staff. BTP is elso trying to salvage its financea by transferring FFr3.2bn (\$560m) of property loans to e new company.

Page 22

Troublesome chemical brew Recession aventuelly goes away. But other

apectres loom for Garmany's chemicala induscosts, competition from Asie and medical sarvice. Page 23 try, such as stata intervantion, environmental

Risks for combined harvesters



Youngaters love the children's parties on Charles Bannatt's English farm, end with only 120 acres to work ha needs to generate extre Incoma. But the history of such diversification Is littered with failures. Page 36

Nine Network buys into Fairfax

Nine Natwork, the Australian television group controlled by Mr Karry Packer, paid A\$49.7m (US\$35.5m) for a 4.98 per cant atake in John Fairlax Holdings, the newspaper group con-trolled by Mr Conred Black — prompting spec cletton that Mr Packer was planning a bid for Feirfax. Howevar, tha return of the Lahor govammeni maans littla prospect of a changa in the law on cross-media holdings. Page 25

Doubts cloud NTT share rise

Aftar allding steadily for five years, shares in Nippon Talegraph and Telephona, Japan's fale-communications group, gained 31.5 per cant in just 10 days. But the timing of the rise in NTT's stock has aroused suspicion as to whathar a saries of favourable developments have been coincidantal, Page 24

Hang Seng alarm subsides

Hong Kong-Hang Seng Index 6,600

Hong Kong'a Hang Seng index dropped another 5.1 per cent - adding up to a slide of 6 per cent in two days - on China's angry reaction to Governor Chris Patten's decision to proceed with damocretic raform. Howaver, many anaivets believe the

worst is over Back Page

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HSBC Holdings Chief price changes yesterday 113 + 7 Epandex Transfer Tech Patia SM Group Gesteiner Demors Abroad

OTHE FINANCIAL TIMES LIMITED 1993

John Gapper reports on HSBC's results since acquiring Midland Bank last year Waiting for the griffin to pull its weight

HSBC Holdings yasterday announced a 94 per cent rise in 1992 pre-tax profits to £1.7hn (\$2.44bn), from £880m the previous year, following its acquisi-tion of Midland Bank last July. The strongest increase in profits came from operations in the Asia Pacific, which contributed £1.3hn of pre-tax profit. American operations incurred a pre-tax

sure to the company. loss of £24m, while European operations made n £303m pre-tax

sculpture of two inter-A twined brass coils rising from a solid base sits in Midland Bank's head office in London. Called "Union", it was given hy Sir William Purves, chairman of HSBC Holdings, after it acquired Midland last July. "They're obviously going to screw us into the ground," said one Midland director on seeing it.

profit.

As HSBC yesterday announced the first results for the new bank, the mood was less nervous. The first months of a merger that cre-ated the world's 15th largest bank have demonstrated some of its benefits. An example is the mixture of four styles of signs in Midland branches, The backing of capital from HSBC, parent of Hong Kong & Shanghai Banking Corporation, has allowed it to spend £18m (\$26m) this year unifying the style.

Even such small amounts were hard to spare at Midland in the late 1980s, Still stricken by its 1981 parchase of Crocker National Bank in California, Midland incurred a £261m pre-tax loss in 1989 and only made £11m the next year. "None of what we're doing now costs a lot a money, hat we did not have any

HSBC disclosed a £297m provision against its exposure to olympia & York, the property developer, and mada a £321m provision on Midland loans. The O&Y provision amounts to 60 per cent of the bank's £500.1m expo-

Tha hank's earnings per share rose 72 per cent to 62.07p. It declared a final dividand of 14.2p, making a total of 19p, a 50 per cent increase on 1991. Lex, Page 20; Details, Page 28

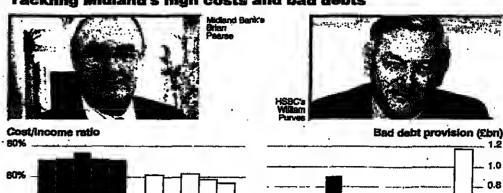
before," says Mr Brian Pearse, Midland's chief executive.

The prospect of HSBC dominat-ing Midland has been lessened by the mixing of executives. Mr Richard Deihridge, Midiand's finance director, has become HSBC group finance director. Mr Pearse professes to be content. "I have found my masters very receptive. I'd be very surprised if they went against anything I thought was right."

Mr John Bond, HSBC's group chief executive, says Midland will maintain its style. "We do not go around the world trying to export our culture. We have a few central principles, but each bank has its way of doing things," he says. He lists the principles as strong capital and liquidity, a stress on information technology, and rigorous control of costs. Yet the continuation of such

harmony depends on Midiand performing a iot better than in the past. It now makes up 40 per cent of HSBC's assets, but con-tributed only £184m to the group's £1.2bn attributable profit. The Hong Kong shareholders who needed persuading last year that Midland was worth £4bn will watch for an improvement.

Tackling Midland's high costs and bad debts



The imbalance between HSBC's and small corporate husiness car-Asia Pacific operations and Midland is striking. Mr Robert Law,

an analyst at Lehman Brothers, estimates that HSBC's Asieo operations earned a 50 per cent pre-tax return on capital last year. Midland would need to make £800m even to achieve 20 per cent, which is well above its highest ever pre-tax profit of £693m in 1988.

t has moved to remove overlap, spending £122m on restructuring in the second half of 1992. The London-based treasury and capital markets operations have been merged and moved to a new building.

Cost savings and the increased size have produced henefits: the combined treasury operation costs 20 per cent less, and has raised turnover 17 per cent, Mr Pearse says corporate customers are now attracted to the merged Midland/HSBC because of its size, its greater capital strength and its resources in operations such as trade finance,

Outside large corporate business, the merger remains unproven. HSBC's hardest task is to improve profits in the personal

ried out through branches. Unlike Lloyds Bank, which made a counter-hid for Midland before withdrawing, HSBC cannot reap cost savings through eliminating overlap in branch networks.

1988 89 90 91 92

HSBC's most likely edge over other clearing banks is in technoiogy. UK banks have allowed operations to develop incompatible systems; Midland's treasury operations alone had 22 systems.

The bank has also used 'front office" technology for such things as credit scoring more exten-sively than British UK hanks. Loans to small husinesses are cleared hy iocal managers within Midland; at Marine Midland such loans are assessed at a lending centre in New York state.

How Midland will be affected hy HSBC's preference for using technology to automate credit decisions while controlling staff costs is unknown, Midland costto income ratio is 68.6 per cent compared with 56.6 per cent for HSBC as a whole But Mr Pearse says the network of 1,800 branches is the right size, and the primary task is to pass more income through it.

The suggestion that costs could

he saved hy automating small husiness lending gets a sceptical response from Mr Pearse.

1988 89 90 91 92

"It may be a sign of my old age, hut I would have to be convinced about that. I still helieve that the capital structure of most small husinesses in this country mean you have to be involved face-to-face with them."

8.0

he savs. Mr Bond puts a different stress on the halance of cost and income, given sluggish loao demand in recession-hit OECD countries.

"The only thing you really have under your control at the moment is costs," he says. He emphasises HSBC's preference for "very short lines of communication", without thick layers of head office middle management.

For the moment, the different traditions are a matter for debate rather than argument, Mr Bood is still assessing the acquisition after coming to London in January, and Mr Purves does not arrive until the autumn.

But Mr Pearse's approach will soon have to bear fruit in transformed profits; HSBC's patience

General Motors to lose Lopez after all

By Christophar Parkag in Frankfurt and Martin Dickson

GENERAL Motors' global buying chief, Mr J. Ignacio Lopez de Arrioriua, is, after all, leaving the US carmaker, it was revealed iete yesterday. His departure was announced at a GM press conference, but it was not clear where Mr Lopez would be mov-

Earlier in the day, Volkswa-gen's shares had fallen on the Frankfurt stock exchange as it appeared that the German carmaker had failed in its attempt

to poach Mr Lopez.

VW shares slipped DM7.30 to
DM285.50 after the weekend's surprise announcement that Mr Lopez was to stay in Detroit.

An expected fall in VW profits and a cut in the dividend from DMII to DM5 or less, due to be confirmed at a meeting of the VW supervisory hoard today, had been widely discounted.

GM had heen expected to announce at yesterday's conference in Detroit that Mr Lopez was being promoted to executive vice-president, with much greater responsibility for the group's North American mannfacturing operations.

Voikswagen yesterday repeated that although the company and Mr Lopez had both signed a contract for him to join the German group within weeks, it would oot come into effect "for the time being".

The company refused to comment on speculation that Mr Lopez had been "persuaded" to stay hy a further promotion within GM or the US group's insistence on his respecting a clause in his contract preventing him from moving directly to a competitor.

However, Mr Ferdinand Piech, VW's chief executive, made plain on Sunday that Mr Lopez had come nuder pressure through "persistent interventions" from within GM

This pressure followed a statement last Thursday from Mr John Smith, GM presideot, in which he tacitly accepted that he had jost the battle to hold on to tives. Mr Lopez's most important contribution had been "the organisation of a strategy, a team and a process to achieve cost-reduction benefits throughont the corporation", he said.

These are precisely the contri-hutions Mr Piech urgently needs to restructure VW's cost-hase and revive profitability.

Rhône-Poulenc Rorer to buy back 5m shares

By William Dawkins in Paria

RHONE-POULENC Rorer, the pharmaceuticals unit of France's largest chemicals group, plans to buy up to 5m of its own shares, worth \$236m at yesterday's

The move, to support RPR's flagging share price and obtain cheap capital for an employee benefits trust, is routine in the US. It is unusual in France, though Rhône-Poulenc, RPR's parent, did announce it was huying RPR shares last month. Yesterday's operation will lift RPR's earnings per share hy reducing the number of

shares outstanding, said the group. RPR's share price had fallen by roughly 20 per cent over the past nine months, said Mr Patrick Langlois, chief financial officer. drug companies' shares due to investors' fears over the Clinton administration's plans to cut healthcare spending, plus a general shift of interest to industrial companies likely to benefit more than pharmaceuticals from the US economic revival. "The whole sector is undervalued. We think that RPR has significant potential not recognised in the share price," he said.

RPR will buy the shares, which amount

to 3.6 per cent of its 138.3m shares in issue. • Cap Gemini Sogeti, Europe's largest

Last month, Rhône-Poulenc bought an 68.68 per cent owned hy the state-controlled chemicals group. Rhone-Poulenc said it wanted to show confidence in RPR at a time when RPR's share price did not reflect its full potential.

The shares being bought hy RPR will go into an employee trust to finance benefits such as savings and stock plans, pensions and healthcare. Over time, the trust will be free to allocate or sell the shares.

in the open market over an unspecified provider of computer services, yesterday period starting now.

provider of computer services, yesterday announced that it would offer £137m (\$196m) to huy ont the remaining 30 per subsidiary. CGS bought 69.3 per cent of Hoskyns, which manages companies' computer systems, in 1990 and undertook at the time to offer to huy out the rest before

> Minority investors are being offered 469p per share, slightly more than the most recent market price of 462p. CGS paid £199m, or 330p per share, for control of Hoskyns in 1990.

UAP calls on Suez to reopen talks on future of Victoire

By Alice Rawsthorn in Paris

UNION DES Assurances de Paris, France's largest insurance group and a candidate for privatisation after this month's election, yesterday called on Suez, the French holding company, to reopen nego-tiations about the future of Victoire, the French insurer, and Colonia, its German subsidiary.
Suez, which has been clouded

by bid speculation since the announcement earlier this month that it incurred its first-ever loss in 1992, last year broke off the Victoire talks. UAP, a minority investor in both Suez and Victoire, had for years hoped to swap its Victoire shares for con-

"must he reopened, sooner or later". The breakdown of the Victoire talks was seen as a personal hlow for Mr Peyrelevade, a socialist appointee whose position at UAP may be vulnerable if, as the

polls suggest, the conservatives win the elections. However, Mr Gérard Worms, chairman of Suez, has refused to reopen negotiations. Suez said the issua was not on the agenda although it was "not inconceivable" that talks would resuma in the future. UAP yesterday also secured

shareholdar's agreement to acquire a 37.35 per cent stake in Nordstern, the German insurer which is the most profitable part of Colonia, from Winterthur, the Oarman financial group, in return for FFrI.5bn (\$260m) of

The Nordstern investment has been interpreted as an attempt by Mr Peyreievade to step up the pressure on Suez hy trying to restrict Colonia's control over the

Mr Peyrelevade'a manoeuvres might be helped hy Suez's recent problems. Suez, which incurred a FFri.8bn loss last year, has been badly affected by the economic slowdown and by the effects of the Paris property crisis on its banking activities.

Mr Peyrelevade stressed UAP had not participated in the recent huying of Suez shares. "Like many other shareholders, we are very concerned with the situation at Suez and hope the management can address its prob-lems," he said.

Mr Jean Peyrelevade, UAP chairman, said the negotiations Thomas Cook buys Owners stake

By Richard Gourley in London

THOMAS Cook, the Germancontrolled travel agency, yesterday bought an 8.4 per cent stake in Owners Abroad, the holiday company defending a hostile hid from rival Airtours.

The purchase may prove to be decisive in ensuring that Owners Ahroad retains its independence, allowing it to progress with its proposed commercial tie-up with Thomas Cook, and its sister company, LTU, the German tour

Last night Owners Abroad and Airtours were awaiting the decision of Gartmore, a 7.5 per cent shareholder in Owners Abroad. The offer closes at 1pm today.

Advisars to Owners Abroad said Thomas Cook had bought the shares from a variety of institutions at a cost of about Thomas Cook's offer of 152.5p was aimed at investors who were believed likely to accept the offer, they said. Gartmore was understood to

have sold some of its stake to Thomas Cook. A spokesman for Gartmore would not comment on whether It planned to to accept the Air-

Airtours also yesterday produced new information on the cost savings it expects to make from a merged Owners and Air-It said it hoped to make £20m

savings in the full 1993-94 financial year and the same the fol-These figures compared with Owners Abroad's assessment of

henefits from its tie-np with Thomas Cook of £9m and £11m Mr David Crossland, Airtours

chairman, said £8m of savings

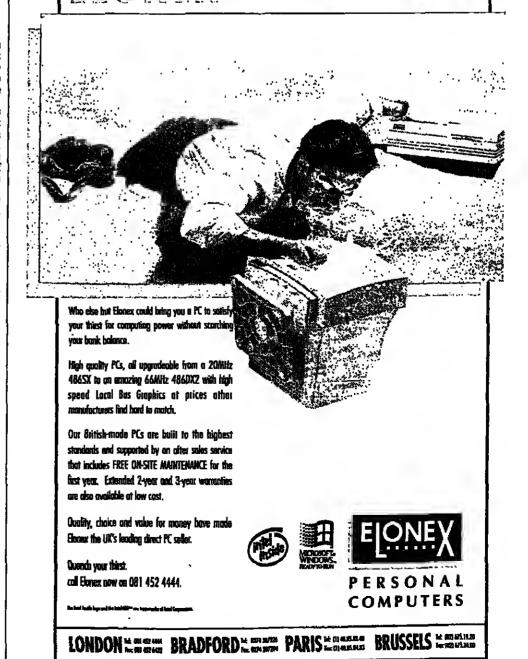
per cent saving on the purchas-ing of bed nights. A further £4m saving would

come from a car rental deal in the US. Other savings would come from passenger handling, and economies in running the Airtours' introduction of new

financial information on the penultimate day of the bid was seen by some analysts as a mistake that left an impression the com-pany thought the bid was slipping away. Mr Howard Klein, Owners

Abroad chairman, described Airtours statement as a "a last minute response to a giaring omission in its arguments to date". He said Owners' brands had limlted overlap with Airtours. Airtours appeared to have ignored the effect of loss of market share which would occur if its hid were successful, the company said. would come from an average 2 Lex. Page 20

ELONEXHILARATION



Compagnie BTP agrees to emergency rescue plan

By Alice Rawsthorn in Paris

COMPAGNIE BTP, the French bank that specialises in finance for the property and building sectors, has agreed an emergency rescue-package to cut costs and restructure its

The plan includes a radical reduction of 35 per cent in overheads, chiefly by shedding 220 staff, BTP, which has been badly affected by the downturn in the French property market, is also trying to salvage its finances by transferring FFr3.2bn (\$560m) of property loans to e new company.

The new company will be

controlled by BTP's existing

French finance and construction, including Crédit Lyonnais and Credit Netional, the banks, and the Bouygues building

The BTP board, led by Mr Jeen Bayle, chairmen, bas been trying to finalise negotia-tious for the rescue package since last autumn. BTP is the latest in s long line of French financial groups to have fallen into financial difficulty because of the precarious state of the property market.

Credit Lyonnais, the statecontrolled bank which owns 4.1 per cent of BTP, last week dis-closed that it produced its

shareholders, which include a morst results for 20 years in number of prominent names in 1992, partly because of its proparty problems. Other banks. including Paribas and Indosuez, bave also been hit, as well as the French insurance companies.

> However BTP is one of the most vulnerable institutions given that it specialises in property. It fell into the red with a net loss of around FFr720m last year, after making provisions of FFr600m, from net profits of FFr62m in

The company said it hoped to break even this year, following the rescue plan, and to return to "normal profit levels"

ISS ahead despite sales decline

By Hilary Barnes in Copenhagan

the international industrial cleaning group, reported a 9 per cent increase in net profits to DKr266m (\$41.49m) in 1992 from DKr244m lest tlme. Pretax profits were up by 15 per cent to DKr374m from DKr332m.

Sales were down to DKr11.35bn from DKr11.80bn, due to divestments, adverse foreign exchange developments end difficult trading

Earnings per share increased to DKr61 from DKr56. An unchanged DKr10 per share dividend was proposed.

The board also proposed a scrip issue of one new for five old shares and a share split by which shares of DKr100 face value will be split into five shares of DKr20 each.

Sales increased in Scandinavis to DKr5.07bn from DKr4.98bn, but operating proflts slipped to DKr288m from DKr305m. Sales were down in

conditions in Sweden and Bra-zil. both the other main divisions, to DKr2.94bn from DKr3.34bn in Europe and Brazil and to DKr3bn from DKr3.21bn in North America.

Operating profits in Europe and Brazil were down to DKr159m from DKr177m, and in North America to DKr127m from DKr133m.

In the current year so increase in turnover of about 5 per cent is forecast, while pretax profits are expected to rise both absolutely and relative to turnover, said the preliminary

COMPANY NEWS IN BRIEF

PIZZA HUT International has formed a 50-50 joint venture in France with the pizza delivery business Spizza 30, Reuter reports from Paris.

Pizza Hut said the venture, which is subject to French gov-ernment approval, would cover more than 70 outlets and represent annual turnover of FFr350m (\$62.27m). Pizza Hut international bas 17 wholiyowned restaurants in France.

• FOKKER, the Dutch aircraft maker, said it was deferring publication of its 1992 results until April 2, pending official confirmation that the takeover by Deutsche Aerospace Is going ahead, Renter reports from Amsterdam.

Fokker had originally slated results for March 1B.

The company, berd hit by the slump in orders for new airliners, is expected to announce in the next week or so a big cutback in production and jobs.

• RHEINMETALL Berlin is taking a 63 per cent stake in Preh-Werke, the electronics group, for an undisclosed sum, Renter reports from Dussei-

Rheinmetall said the acquisltioo, which was subject to approval by the federal cartel office, would take effect retroactively from January 1. Preh bad sales of some fails, DM220m (\$132.5m) last year. It sinki.

would complement Rheinmetali's automobile technology business led by Pierburg.

• RODAMCO Property, the investment fund, sald its 1992-93 dividend would proba-bly be slightly higher than its net per share earoings of Fl 3.19, Renter reports from

The company expects the divideod to be higher than the 1991/92 dividend of Fl 3.40.

• UNION Bank of Finland, the banking arm of Unitas, may incur up to FM150m (\$24.6m) in credit losses if the debt restructuring of Polar-Yhtyma fails, Reuter reports from Hel-

Avesta **Sheffield** doubles loss. holds payout

By Christopher Brown-Humes In Stockholm

AVESTA SHEFFIELD, which has hecome Europe's largest stainless steel group following the receot merger of Avesta and British Steel's stainless steel operations, yesterday dis-closed a SKr564m (\$72.33m) loss, after financial Items, for

Week market conditions were aggravated hy merger expenses and the costs of starting up a new mill, the company said.

The deficit was more than

donhle 1991's SKr248m loss and led the company to scrap its dividend after a SKr1 per share pay-out in 1991.

"The most important reason for the negative result is that product prices have fallen more than raw material prices," the group said. It blamed industry over-capacity and increased nickei exports from the former eastern bloc for the fall in prices, while noting thet demend was restrained by recession in many important markets. It said European demand for hot rolled plate, pipes, tubes and long products fell, while demand for cold rolled products rose just 1 per cent, com-pared with e normal 4 to 5 per

Sales amounted SKr7.59bn, compared with SKr7.39bn in 1991, with SKr842m generated by British Steel's stainless operations in the two months following the completion of the merger on November 2. Excluding this contribution, sales were down

per cent. The overall loss would have been lower but for SKr171m edverse movement in inventory prices, SKr50m in merger costs, and SKr101m related to the start-np of the gronp's hot strip rolling mill in Avesta.

The group originally expected the merger to produce SKr400m of annual cost savings from 1995, hut now says it expects the benefits to be greater and to take effect as early as 1993.

British Steel owns 40 per ceot of the group.

÷.

Deutsche Babcock cuts forecast

By Ariane Genillard in Bonn

DEUTSCHE BABCOCK, the plant and engineering group, posted e 22 per cent increase in sales in the five months to the end of February but warned that overall profits for the year would be lower than expected. Sales in the five months rose

to DM2.5bn (\$1.5bn), with the order backlog standing et DM8.8bn, a 22.3 per cent rise over the same period the previous year.

But Mr Heyo Schmiedeknecbt, chief executive, warned that profit forecasts for the current year, which ends on September 30, would have to be revised downward". He said profits would be "closer to DM30m". Earlier forecasts said profits could be as high as DM60m.

Mr Schmiedeknecht blamed the general recession in the industrial machines sector. He also said that core businesses in environmental technology continued to be in the

Net profits for the group for the 1992 fiscal year stood at DM76m however, up from DM32m the previous year. Sales for the same period reached DM7.6bn egainst DM7.3bn the year before. Outstanding orders were higher than the previous year, standing at DM7.1bn against DM6.6bn. The company said it had won a contract worth DM240m to build e coal-fired

plant in China. The company said it still planned to float three subsidleries on the German stock market this year. The plan was announced last year but had to be delayed because of the stock market turmoil, e company spokesman said.

The three subsidiarles ere Baicke-Dürt, Babcock-BGH and Schumag, specialists in

mechanical engineering, plant and industrial technology.

The company will also pay a preferred dividend this year but will omit to pay on common shares. Holders of tre ferred stock will receive DM9 a share, or three times the DM3 a share which was last paid out in 1988.

the state

The company said it intended to turn 1.2m preferred shares into common stock this year and expected to pay a DM10 dividend for the fiscal year ending September 30 1994 The plans will be proposed to its sharebolders' meeting on

Senior managers stage walkout at Baring

By Richard Waters in London

MR CHRISTOPHER Heath, the man who hullt Baring Securities into one of the UK's most successful securities houses in the late 1980s, yesterday resigned along with e large part of his senior management team after a policy dispute over the company's future.

Mr Heath and his team are helieved to have pushed for Barings to expand its securities and derivatives business, in a move that could have led the group to sell a stake to another

Mr Andrew Tuckey, Barings' deputy chairman, said no spe-

cific proposals had been put to the board, but added: "None of these initiatives have any appeal to us, because we have neither the capital nor the inclination" to expand the

The move comes six months after Barings, one of the UK's oldest merchant banking groups, announced that its securitles arm had plunged into loss in the first half of 1992, cutting group profits by more than a half to £11.8m. More than 100 jobs were shed

at that stage, and yesterday's departures raise the prospect of further cutbacks in the securities arm and Its 80-strong derivatives unit.

Mr Tuckey said that the parting had been amicable and that Mr Heeth, once the UK's highest-paid director, would remain as a consultant to the

group.
Others directors to depart
were Mr Ian Martin, head of derivatives, and Mr Andrew Baylis, heed of Europesn operations, while Jim Reed, bead of New York, and Vanesse Glbson bave also left the Barings Securities

One of the executives who stepped down said that discussions over the future of the company, under way since last September, had come to a head last weekend: "One route would have been more exciting and expansionist - and, yes might have required more capital and an extra partner. The other was more consolidating. At the end of the day, it's very difficult to back something you don't agree with."

Two other Baring Securities directors, Mr Andrew Fraser and Mr Diarmaid Kelly, have been made deputy chairmen of the company. Mr Peter Notris put in by Barings as chief open eting officer last autumn, takes over as chief executive.

Mr Tuckey said that, while the securities company. would not be integrated with the bank, the two operations would move closer together.

French dairy products group static at FFr354m

By Alice Rawsthorn

BONGRAIN, the fastexpanding French cheese and dairy products group, made static profits of FFr354m (\$62.51m) last year.

The group, which bas grown rapldiy in recent years through a series of acquisitions culminating in last summer's deal whereby it took managerial control of ULN, the alling French dairy co-operative, also saw sales stabilise at FFr9.7bn

Mr Jean-Hughes Vadot, finance director, said Bongrain had been affected by a slowdown in consumer speeding across all its markets, with the

exception of Germany. He said there had been a sharp slow down in Fraoce, still the group's biggest market with 47 per cent of sales, particularly in the second half of the year. Despite the competitive cli-

mate, Bongrain would heve registered an increase in net profits for its ongoing businesses of 7.2 per ceot bad exchange rates remained sta-However, the frenc's strength since the autumn cur-

rency crisis reduced the contribution from exports and overall oet profits grew below the rate of inflation by 1.1 per cent from FFr350m in 1991 to 1992's

Euroc profits decline to SKr129m as sales slide

By Christopher Brown-Humes

EUROC, the Swedish building materials group, saw 1992 prof-lts after financial items fall to SKr129m (\$16.9m) from SKr151m a year earlier, with efforts to cut costs and release capital largely offsetting s big downturn in the building market. The dividend is being maintained at SKr2 per share. Sales slumped to SKr9.5bn from SKr10.5bn, with a particu-

larly severe decline in Sweden and Finland where sales were down 20 to 30 per cent. Operating income dropped to SKr542m from SKr740m.

The group's performance was belped by a sharp reduc-

tion in net financial expense which fell to SKr396m from SKr593m, after e scaling down of operations in some marketi-The group sold its state in Valenciene, the Spanish cement end ready-mix company, incurring e SKr279m extraordinary loss, but it says the move will cut its annualfinancial costs by SKr150m,

Euroc's cement operations improved earnings to SKrihim from SKr39m, but the building material activities saw profits fall to SKr84m from SKr204m. Losses within building materials distribution deepened to

SKr29m from SKr14m. Euroc forecasts that it will remain in profit in 1953.

The Swire Group

Cathay Pacific Airways Limited 1992 FINAL RESULTS

Audited Consolidated Results. The profit attributable to shareholders for the year ended 31st December 1992 was US\$395 million, as compared with US\$378 million for the previous yeer, an increase of 1.9%.

		acember
	1982 US\$M	199 US\$A
Turnover	2,988	2,68
Operating profit Net finance charges	464 41	46 3
Net operating profit Share of profits of associated companies	423 30	43
Profit before taxation Taxation	453 65	46
Profit after texation Minority interests	388	38
Profit attributable to shareholders Dividends	385 154	370 154
Retained profit for the year transferred to reserves	231	224
Earnings per share	US¢ 18.6	US(
Dividends per share	US¢	US
interim final, recommended	1.34 4.04	1.34 4.04
	5.38	5.38
Available tonne kilometres [million]	6,466	5,621
	USS	USS
Shareholders' funds per share:	0.60	0.52

The United States dollar figures shown ara for information only, and are translated from Hong Kong dollars at the rate of exchange of US\$1 00=HK\$7.80.

Results. 1992 saw no reduction in the problems confronting the aviation industry. A worldwide excess of capacity and the need for many alrinas to generate cash regardless of profits produced a continuation of the fare wars first sean in 1991. Many airlines have reported or are expected to report substantial losses in 1992. Against this background our fulf year's profit of US\$385 million, an increase of 1.9% over 1991 s, I believe, a creditable parformance.

Costs continued to be under pressure due partly to lerge increases in government charges and taxes, and partly to inflation in Hong Kong which continued at a rate higher than worldwide averages. For these reasons we continued with "Operation Better Shape", our major project to increase productivity. We are making progress; unit coat par available toning kilomatic ternalined the same as last year primarily due to improved staff recollections. to improved staff productivity.

ft would be unrealistic for us to assume the industry's nt would be unresultate for us to assume the industry's problems will soon vanish. As a result, after levising our medium-term forecasts for traffic levels, we postponed in November the conversion of options into firm orders for three Soeing 747-400s, originally due for delivery in 1994. But there are opportunities and one of these arises from the forecast that demand for air transportation in Asia-Pacific will grow almost twice as fast as in other major regions of the world during the 1990s. In May, we ordered 11 Boeing 777 aircraft, with options on e further 11. Togethar, the Boeing 777s and the previously-ordered Airbus A330-300s wilf allow the Company to replace the TriStars and to increase capacity on regional and medium-haul routes commencing in 1995.

Despita the dalays surrounding the replacement airport project at Chak Lap Kok, the Company and its subsidiary and associated companies have been and continue to be active in their preparations for the move. Expressions of interest have been made in respect of Hong Kong Aircraft Enginearing Company Limited, Cathay Pacific Cataring Services (HK) Ltd. and others, and in many cases detailed plans have been drawn up. Discussions continue with the Provisional Airport Authority and we remain optimistic that the new airport will present a great gooortunity for the Company although, of cruise the great opportunity for the Company although, of course, the time table for its opening remains uncertain.

Operations. Wa took delivery of four Boeing 747-400 passenger aircraft during the year. One Speing 747-200 passanger aircraft was converted to a freighter in August. This brought the fleet total to 49 aircraft: 27 Boeing 747 passenger aircraft, four Boeing 747 freighters and 18 TriStars. An order for three flight simulators for the Boeing 747-400, A330 and Boeing 777 was placed in July.

Financing. The Company's financial position remained strong; at 31st December 1992, total ahareholders' funds amounted to US\$1,708 million, an increase of 15.6% over 1991. abt equity ratio has been mainteined at around the present

Average aircraft utilization for the whole fleet was 10.0 hours per day compared with 5.8 hours in 1991.

Investment. Dunng the year, we purchased airline catering facilities located in Sydney, Darwin, Vancouver and Toronto.

Finel Dividend. The final dividend to be recommanded at the Annual General Maeting on 25th May, 1993 amounts to HK31.5¢ per share for the year ended 31st December 1992 which togather with the interim dividend of HK10.5¢ par share paid on 4th October, 1992, makes a total distribution for the year of HK42.0¢ per share. This represents a total distribution for the year of HK\$1.203 million.

Shaleholders' register wilf be closed from 17th April to 21st April 1993, both dates inclusive. The final dividend will be payable on 2nd June 1993 to shareholders registered on 21st April 1993.

Prospects. Looking to 1993 tha first half at least is likely to see a continuation of the current climate of soft demand and severe price competition within the airline industry. The outlook for our major Japanese market remains deprassed but there are some signs that the major economies outside the Asia-Pacific region are finally beginning to emerge from thoir langthy recessions.

However, against this background we fear that airlines worldwide will still be subjected to above average increases in government charges and taxes and it is unlikely that inflation at our home base will reduce significantly. The industrial action by the Fight Attendants' Umon in January 1993, although now resolved, may well have a significant impact on 1993's results; it is easy to calculate the short-term financial offect but more time is needed to exall cate whether any financial offect but more time is needed. to evaluate whether any longer term impact will be felt

We would expect to have a clearer picture when our interim results are issued but from the information that we have at present, it is likely that 1993 will be a more difficult year than 1992. The Annual Report for 1992 will be sent to shareholders on 2nd April, 1993.

Chairman Hong Kong, 17th March 1993

CATHAY PACIFIC

The Control of the Co

U.S. \$400,000,000

Hydro-Québec

Undated Floating Rate Notes, Series GL, Unconditionally guaranteed as to payment of principal and interest by

Province de Ouébec

Interest Rate Interest Period 31/6% per annum 15th March 1993

15th September 1993

Interest Amount per U.S. \$10,000 Note due

U.S. \$175.69 15th September 1993

Credit Suisse First Boston Limited

U.S. \$100,000,000



Great Western Financial Corporation

Floating Rate Notes Due 1995

Interest Rate

51/9% per annum

15th March 1993

15th June 1993

U.S. \$670.83

Interest Period Interest Amount per U.S. \$50,000 Note due 15th June 1993

> Credit Suisse First Boston Limited Agent

ANZBank Australia and New Zealand **Banking Group Limited**

Australian Company Number 005 357 522 (Incorporated with limited liability on the State of Victorial, Australia) U.S. \$200,000,000 Subordinated Floating Rate Notes due 1998 or the six months 15th March, 1993 to 16th September, 1993 the

Notes will carry un interest rote of 35% per annum with an amount of interest U.S. \$1,991.32 per U.S. \$100,000 demonination. payable on 16th September, 1993. Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London

Agent Bank

respect of bearer shares will be recognized only on presentation at the Mecting of the bearer certificate or vaterfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against switter receipt, which must be produced at the Meeting.

Copies of the Annual Report leadeding Audied Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agents lessed below.

There are no service contracts in existence between the Company and any of its Directors and none are proposed.

Christian

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Posting

The Bear

LIQUIBAER

Notice of Annual General Meeting of Shareholders

B∞B

Julius Baer U.S. Dollar Fund Limited

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Led.. Kirk House, Grand Cayman, Cayman Islands, on the 5th day of April, 1993 at 10 a.m. t. To receive and corrider and, if though fit, adopt the accounts presented by the Directors for the year ended 31st December, 1992 and the reports of the Directors and Auditors.

2. To many the acts of Directors. J. To re-elect Mr. Peter Wild to the Board of 4. To appoint Auditors and authorize the Directors to the file Auditors remuneration.

By order of the Board Liquibaer, Julius Bier U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cignam, Cayman Islands A shareholder holding registered shares is estitled to stend, vote and appuint one or more probles to attend and vote invited or him. A presy need not be a shareholder of the company

Participating shares are listed on the London Stock Exchange and participan of the Company are available in the Extel Statistical Service.

Secretary and Registrer: Julius Rase Benk and Trust Company Ltd. -Kirk House, P.O. Ben 1100 Grand Cayman, Cayman Islands

é Bancaire Julius Baer SA Genève 1 du Théitre, P.O. Box, 1211 Gaucee 11 Switzerhand

U.S. \$400,000,000



Santander Financial Issuances Limited ted in the Cayman Islands with limi

Subordinated Undated Variable Rate Notes with payment of interest subject to the profits of and accured by a subordinated deposit with Banco Santander, S.A. (Incorporated in Spain with limited liability)

Notice is hereby given, that for the interest Period from March 16, 1993 to June 16, 1993 the Notes will carry an interest Part of 4.0625% per annum. The amount of interest payable on June 16, 1993 will be U.S. \$2,595,49 per U.S. \$250,000 principal amount of Notes. By: The Chase Manhattan Bank, N.A. London, Agent Bank

CHASE

ABBEY NATIONAL **BUILDING SOCIETY** Vi.1,000,000,000

Artent Bank

The Long-Term Credit Bank of Japan, Limited

Tukyu

of period, from 16.3, 1993 to - f6,9,190,1 Interest Amount per \$100,000,000 mout due 16.9, 1993- ¥2, 192,877

March 16, 1993

DONT TRAVEL WITHOUT US.

Nike shares jump on record earnings

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in two operate

By Karen Zagor in New York

SHARES in Nike climbed more than 5 per cent yesterday morning after the company posted record third-quarter carnings. The shares advanced \$3% to \$75% at mid-day.

Although the results were in line with expectations, investors were encouraged by a jump in "futures" orders and news that Nike's US footwear business had Its strongest quarter in two years.

The company, based in Beaverton, Oregon, said orders for footwear and apparel scheduled for deliver between March and July climbed 21 per cent to \$1.65bm. The company warned that these orders were not necessarily indicative of total revenues for successive

Nike's net income for the three months to February 28 rose 8.5 per cent to \$89.5m, or \$1.16 a share, from \$82.5m, or \$1.08. Revenues were 12.t per cent higher at \$972m, against

For the first nine months, Nike's net earnings advanced 11.5 per cent to \$288.1m, or \$3.74, from \$258.5m. or \$3.88. Revenues grew 15.2 per cent to \$2-95bn from \$2.56bn.

In the US, sales rose 14 per cent in the quarter to \$655.7m, with growth led by footwear revenues, which were 15 per cent higher at \$548.2m.

The company's total interna-tional sales were 4 per cent higher at \$265.2m. The com-pany said international revennes would have been 11 per cent higher had dollar exchange rates remained con-stant. Although international footwear sales slid 1 per cent to \$204.1m in the quarter, apparel sales rose 25 per cent to \$61.1m.

In Europe, Nike said it was investing aggressively in the Nike brand. The company expects its fully-integrated antomated information systems to come on line this month. This should provide greater communication and coordination between European countries.

Brierley sells US motel stake

By Terry Half in Wellington

BRIERLEY Investments, the New Zealand-based hotels and investment group, is selling its group, for NZ\$112.5m sion lines between some of (US\$59m).

A troublesome brew in Germany's chemical industry

Recession, state intervention, a rising D-Mark and competition are responsible, writes Christopher Parkes

able features of recession is that it eventually goes away. But there are few consolations to the other spectres stalking Germany's chemicals industry.

Some are familiar. High labour and environmental costs have haunted manufacturers for years. Now, with government intervention, the rise of the D-Mark and the rapid increase in competition from low-cost manufacturers in Asia and elsewhere, labour and environmental costs are dis-turbing German management's sleep more than they used to.

The effects of medical service reforms, imposed from January by Mr Horst Seehofer, the new health minister, have had a dramatic immediate effect on the pharmaceuticals trade.
This was underlined this

week when BASP followed lts announcement of a 41 per cent profits slump last year with news that short-time working was to be introduced at its Knoll drugs subsidiary. BASF said sales of some prescription drugs fell by 40 per

cent in the first two months of Mr Seehofer'a reforms. Apart from prescription limits and higher charges for patients, the industry is having to cope with stringent price

Loss deepens at Brazilian clothier

SAO PAULO Alpargatas, Brazil's largest footwear and clothing manufacturer, auffered a loss of \$83.2m last year, compared with a deficit of \$37.7m the previous year. Last year's sales of \$479.2m

were down by 11 per cent, with exports accounting for \$33.3m. "The loss was principally due to lower sales volumes and tighter margins, exacerbated by the adjustment of stocks to lower market values and costs related to company restructuring," said Mr Diego J. Bush, Alpargatas chairman, in a stockholder statement.

· Embratel, the state-controlled long-distance telecom-

munications company, announced profits of \$240m in 1992, up from \$158.5m in 1991. The company invested \$528m, 80 per cent of which was funded without borrowing. It plans \$700m of new invest-18.6 per cent stake in La ment this year, including the Quinta Motor Inns, a US motel laying of optic fibre transmis-

> Usiminas, the steel producer privatised in 1991, announced profits of \$123.4m in its first full year as a privately-owned company. The result was up by 95 per cent from 1991.

cyclical buffer cushioning German chemical company profits. now seem drained of their power to protect.

According to Mr Jochen Hückmann, a spokesman for the pharmaceuticals industry in the state of Hesse, the net effect of Mr Seehofer's economy package will be a reduction in earnings of between 20 and 30 per cent.

He estimates that local manufacturers, which account for almost 20 per cent of all German drugs output, suffered an average 24 per cent fall in sales

during January.

Meanwhile, at the hulk chemicals end of the production scale, the area most sensitive to cyclical swings, the industry has been dismayed by Chancellor Helmut Kohl's deci-sion that the rump of east German industry is to be retained as a core element in the region's recovery pro-

Remarking on the Treuhand privatisation agency's plan to spend another DM1hn this year on restructuring, Mr Wolfgang Hilger, chairman of Hoechst, questioned mildly if there were markets enough to absorb the east's output.

He asked, more sharply, if investments on this scale were sensible and if the government



was not committing itself to filling a hottomless bucket. The answers appear clear enough. But, in the absence of discernible signs of new industrial growth in the former DDR, the government is not going to change its

Meanwhile, although Bonn may ease some of its more rigorous strictures on the health service, Mr Seehofer's Interven-

The chemicals industry is dismayed by Chancellor Helmut Kohl's decision that the rump of its east German counterpart will be a core element in the region's recovery programme. On the Treuband privatisation agency's plan to spend another DM1bn this year on restructuring in the east, Mr Wolfgang Hilger,

Hoechst chairman, (left)

asks if the government

is not filling a

bottomless bucket.

tional markets indicate that margins and profits will continue to be squeezed.

How successfully the German industry picks its way across this dramatically altered landscape remains to be seen. The direction it has taken has been clear for some time, but the pace has been slow and hesitant.

Although average profits fell by 25 per cent in 1990 and 20 per cent in 1991, It was not

until last year, when earnings fell 30 per cent, that there was serious reduction in the numbers of people employed. More than 20,000 jobs are expected to go this year - following a mere 8,000 job cuts in

tructural adjustment has also been sluggish and not always successful. Among Germany's hig three, BASF is most dependent on mainstream chemicals. Accordingly, it has suffered

difficulties stem from its "non-chemical" activities, which include heavy lossmakers such as magnetic tapes.

per cent of sales, are estimated to contribute just 2 per cent of profits. But change is coming - through a DM4.6bn investment in a pipeline network, which will bring in Russian gas and oil, plus a stable flow of profits. Energy interests already account for around 25

high-cost trap by placing chemicals investment abroad. A new steam cracker opens

example, and 60 per cent of the

Ironically, most of BASF's

These businesses, which together account for some 48

per cent of group earnings.

Meanwhile, the company is trying to escape Germany's

in Antwerp later this year, for

group's European spending outside the home market this year will go to the Belgian site. in another more recent structural move, it swapped its acry-lics business for ICTs polypropylene interests.

Both strategies are driven by BASF'a conviction that build-ing up critical mass and a costcompetitive edge in core sectors will help it resist the capacity cuts widely believed necessary in the European chemicals industry. It hopes this will enable it to emerge from the anticipated bloodlet ting in the European chemicals sector relatively unscathed.

The recent decision by Hoechst to merge its PVC activities with Wacker Chemie, accompanied by reorganisation at Celanese, was aimed at the same end. Bayer sits on its laurels as

the first of Germany's hig three to bite decisively into its costs. Until now, it has been a distinct favourite among investors, who are content with the estimated 75 per cent contribution to profits from its drugs and information technology husinesses. But last week's 16 per cent fall in annual profits to DM2.7bn showed not even the one of the big streamlined chemicals companies can escape the grip of world reces-

Credit Lyonnais takes over Peru bank

By Sally Bowen in Lima

CREOIT Lyonnais has become the first foreign hank for many years to assume major-Ity control ovar a domestic Peruvian bank.

The French hank has regained control of the Banco de Lima after having a minor-ity holding for a considerable

Legislation hostile to foreign participation had forced Credit Lyonnais to reduce its original majority stake in the Lima bank, which was founded in 1952, to nnder 20 per cent.

To regain overall control. Credit Lyonnais has increased its capital in the Banco de

Lima by \$8m. The French bank said that It would seek to play a role in the forthcoming privatisation of Peru's state-owned companies and the development of the conntry's capital

Credit Lyonnais holds some \$200m of Peruvian deht paper, including around \$50m in short-term working capital debt - expected to be the first to he accepted in privatisa-

This mini-prospectus is issued in compliance with the requirements of the London Stock Exchange pursuant to Section 154 of the Financial Services Act 1986. The issue of this mini-prospectus has been authorised by the London Stock Exchange without approval of its contents.

This document contains the procedure for application for Ordinary Shares of 1 pence each in Atreus PLC, an Application Form and statements of a factual nature drawn from the listing particulars dated 24 February 1993 (the "listing particulars") which have been published by Atreus PLC and should be read in conjunction with the listing particulars which elone contains the details of the history and business of Atreus, the Acquisition and the Merger. The Directors are satisfied that this mini-prospectus notice contains e fair summary of the key information set out in the listing particulars. Application has been made to the London Stock Exchange for the whole of the share capital of Atreus, issued end to be issued, to be edmitted to the Official List. Definitions set out in the listing particulars shall also apply in this document unless the context requires otherwise.

Placing and Public Offer

of 27,500,000 Ordinary Shares of 1p each at 20p per share payable in full on application of which 11,250,000 are being placed and 16,250,000 are being offered to the public

The application lists for the Ordinary Shares which are the subject of the Public Offer will open at 10.00 a.m. on Monday 22 March 1993 and may be closed at any time thereafter. The procedure for application and an Application Form in respect of the Public Offer are set out at the end of this document. It is expected that listing will become effective and that declings in the Ordinary Shares will commence on Friday 26 March 1993. Upon Admission, the Ordinary Shares which are the subject of the Piacing and the Public Offer will rank part passu in all respects with the existing issued ordinary shares of Atreus PLC and will rank in full for all dividends or other distributions thereafter declared, made or paid on the ordinary share capital of the Company. The London Stock Exchange has authorised the issue of this document under Section 154(1)(b) of the Financial Services Act 1986 without approving its contents. This document is not for distribution outside the UK, nor should it be treated as an offer or solicitation outside the UK. Following the Merger, Acquisition and Offer, the authorised and issued share capital of the Company will be as follows:

50,000,000 £500,000

in ordinary sharea of 1p each

Issued and fully paid

36,051,123 £360,511

Indebtedness
At the close of business on 5 February 1993, the Office per lateral points of Atrace PLC on completion of the Merger and Acquisition the off an aggregate of the Office per lateral to the

Part applicant Their full marries and addresses should be put in BLOCK CAPITALS in Box 5. Latters of acceptance in the names or joint application, you will not be able to transfer the Ordinary Shares late a PEP, it you are interested to transferring your Ordinary Shares into a PEP with which applicately prove to be a post of their supplicant, but the first applicant who should slip in Box 3 and complete Box 4)

For your should perfect the provided by or see belief in applicant, joiner than the first applicant who should slip in Box 3 and complete Box 4)

For your straids in signing on behalf of any post applicant(s), the powerful of ettorney for a copy (copied) carried by a solicitor) must be enclosed for interesting.

For your carried to evertant in the terries of any of points (0, DQ or 60) set out televes in Pox 7, you must distinct the relevant werrantly and give such Normal the complete of application Form together with the chapter or benche's dark by post to the Reval Bank of Scotland plc. Registrate Department, PO Box 451, Owen House, 8 Earthwell Crossivery North, Edinburgh Erit LDU, or by hand, to The Royal Bank of Scotland plc. Registrate Department, PO Box 451, Owen House, 8 Earthwell Crossivery North, Edinburgh Erit LDU, or by hand, to The Royal Bank of Scotland plc. Registrate Department, 67 London ECSP JDL, so as to be received not better than 10 DD or as in Medically 22 Mayerial 1833.

Fine power year Application Form, you are received and of their mailwrity.

Public Offer Application Form Sefore making any application to acquire aheres you are recommended to consult an independent financial adviser authorised under the Financial Services Act 1986.

Public Office by Sheppards of 15,250,000 Ordinary Sheres of 1p eath in Atreus PLC ("Ordinary Sheres") at 20p per Ordinary Shere, psychia in full on application at the Offer price of 20p per Ordinary Share (or any smaller number of Ordinary Shares for which this application is accepted payable in full on application on the semis and conditions set out in this Application Form and the Laring Particulars deted 24 February 1993 and subject to the momorandum and articles of sesociation of Arreus PLC 3. Shares ellocated and I/we extech a cheque or banker's draft for the amount 4. Amount receive peyable to "The Royal Bank of Scotland pic A/C Atreus PLC Offer" (20p multiplied by the purples of Ordinary Shares isserted in Scn 1). 5 Amount payeble Please use BLOCK CAPITALS Forename(s) (in ftd) Mr. Mrs. Ms. Mas or tale Sumanne _____ Address (in full) 7. Cheque no. er 🗆 Pin here your cheque or benker's draft made payable to "The Royal Bank of Scotland pic A/C Atreus PLC Offer" and crossed "Not negotiable" for the amount in Box 2

Pill in Boxes 5 and 7 only when there is more than one applicant. The first or sole applicant should sign in Box 3 and complete Box 4, insert in Box 5 the names and addresses of the second and subsequent applicants, each of whose signature is required in Box 7.

N.B. If you make a joint application, you will not be able to transfer the Ordinary Shares into a PEP.

Forenemental (in Auto Afr., Mrs., Ms., Mae or elde Summere Address (in Auto	Forenamojn) (in full) Mr., Mr., Ms., Ms.e or elde Sumeme Address (in full)	Foreneme(s) (in tul) Mr. Mrs. (id.) Miss or tule Surneme Address (in tul)
Postcode	Postcode	Postcode

Exampt to the extent that you delete any of the following, you warrant that:

§ If We profer not applying as, or as (a) nominantly or agential for, (a) person(s) who is fare or may be persona mantioned in section 93 or section 98 of the Finance Act 1895 (depositary receipts and clearance services).

[If We smolten not applying as, or as (a) nominantly or agential for, (a) person(s) who is fare (a) market melter(s) in the Ordinary Shares of Atreus PLC within the inventing of section 31 of the Prance Act 1995. If this warrantly is deleted, please state date on which application for registration as a market maker in respect of the Ordinary Shares was made to the London Shock Exchange.

§ If We smolten not applying for registration as, or as (a) continued to the united by the Ordinary Shares was made to the London Shock Exchange.

§ If We smolten not applying for registration as, or as (a) continued to the united by the Ordinary Shares was made of charter and registrated manufact (where application form segether with a chaque or harder's don't for the execute psychials should be posted to The Royal Bank of Scotland pic. Registrar's Department, 67 London Form Street, London EC3P 301. Any person signing this Application Form under a power of attorney must enclose the original power of extensive (or a copy certified by a solicator) for inspection.

Brierley paid NZ\$82m for the stake. The sale is part of the investment group's strategy to withdraw from the US and reo-rientate itself on Asla, Australian and New Zealand.

the URSI Group and the DB (UK) Group had cash mounting to £1,235,226.

Description of the Enlarged Group's businesses Following the Merger end the Acquisition, the business of Arreus will comprise that of the DB (UK) Group and also that of URSI, which is not expected to form part of the future business of Arreus. It is immediate to dispose of the existing business of URSI and an agreement has been put in place to enable this disposal to be effected without any further liability, in respect of this business, accruing to Atreus.

The D6 (UR) Group comprises four wholly owned treding companies; Alumplest, Leds Gless, Selects and D88 Marketing. They collectively design, menufacture, market and sell a range of shower screens, shower enclosures and mirrors, principally in the bethroom market.

currently supplies approximately 35 per cent. of the over-beth shower The Directors believe that the DS (UK) Group the over-beth shower screen market in the UK, through three distinct merkets being (1) Builders and Plumbers Merchants and Bethroom Retail Specialist, (2) DIY Superstores and (3) Mell Order.

Spacialist, (2) DIY Superstores and (3) Mell Order. Executive Menagement. The executive management of Atraus will comprise Bruce Ledwith, David Howarth (both currently directors of DB (JIKI), Genry Caclich and Rodney Hamett. Sales end marksting will be the responsibility of Bruce Ledwith, and David Howarth will have responsibility for manufacturing and product development. Genry Ceclich will act as Finance Director of Atraus, and Rodney Harristt will be Executive Chairman with specific responsibility for the strategic development of Atraus.

Estimated profit of the DB (UK) Group for year to 31 January 1993 The estimated results for the DB (UK) Group for the year ended 31 January 1993 are as follows: £6,192,000 £1,103,000 £731,000 Turnover
Profit before tex
Profit after tex
Earnings per Ordinary Share
(see note 1 below)

2.030 Offer statistics Offer price per Ordinary Share Number of Ordinary Shares in issue 36,051,123

following the Offer Market capitalisation at the Offer price E7,210,225 Net proceeds of the Offer Estimated earnings multiple at the

Offer price 9.85
Notional gross dividend per Ordrary Share 1.0p
Notional gross dividend yield at the Offer
price (see nota 2 below) 5 per cent. ional net dividend cover (see note 2 below)
Pro forms net tangible sessets 2.7 times per Ordinary Share 9.440

Norse:

[1] The beas of calculation of the forecast seminals per Ordinary Share is based on 38,051,123 Ordinary Shares being in issue.

[2] The ostosistion of the notional gross dividend yield and the notional rest dividend occur is based on a notional gross dividend of 1p per Ordinary Share as described in the paragraph "Dividend Paboy" below.

(UK) Group's existing product ranges. This will enable the Directors to take advantage of the OB (UK) Group's existing manufacturing, design and merketing capabilities and to exploit the "Selecta" brand name.

The D6 (UK) Group, which currently selfs principally to the UK, intends to increase its sales through direct exports into selected European markets, in particular concentrating initially on France, Spain and Scandinavia. The Directors will consider acquisitions that will nent the existing product ranges of the I

This stretegy is intended to realise the D8 (UR) Group's key objective to become a leading supplier of quality screens, misrors, and panels and complementary products for the home improvement and commercial markets in the UK

The Directors consider that the number of households with over-teeth showers and shower screens will increase and, as a result, demand of the DB (UIQ Group's products will continue

Furthermore, in spite of the recessionary I conditions which preveit in the United Kingdom, I they consider that the DB (UK) Group is well positioned within its markets and will therefore I The Directors therefore consider the prospects

for the Company to be encouraging. Expected timetable of events Closing data for receipt of applications in respect of the Public Offer 10.00 a.m. on Monday 22 Merch 1993

Despatch of letters of acceptance in respect of the Public Offer Thursday 25 Merch 1993 Public Offer Charactery 25 International Control Con

renunciation
Despetch of definitive share certificates
Thursday 27 May 1993 Copies of the Listing Particulars relating to the Copies of the Listing narrousers reisting to the above may be obtained during normal business hours on any workday. Saturdays and public I holidays excepted, up to and including 18 March 1993 from the Company Announcements Office at the London Stock Exchange, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London SC2 (for collection

No. 1 Landon Bridge, London SE1 90U The Royal Bank of Scotland pic, Registrar's Department. PO Box 451, Owen House, 9 Bank/lead Crossway North, Edinburgh EHI 1 ONU

only) and up to 30 March 1993 from:

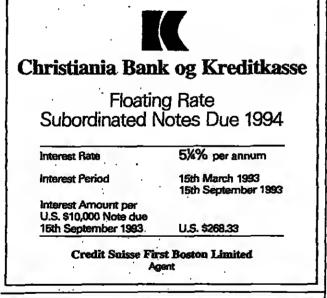
The Royal Bank of Scotland pic. Registrar's Department, 67 Lombard Street, Landon EC3P 3DL ATTRUS PLC, 10 Newhall Street, Birmingham B3 3LX

H. B. tu-**Bankers Trust** New York Corporation

U.S. \$300,000,000 Floating Rate Subordinated Notes due 2000 For the three months 15th March, 1993 to 15th June, 1993 the Notes will carry an interest rate of 5% per annum and interest payable on the relevant interest payment date 15th June, 1993 will be U.S. \$127.78 per U.S. \$10,000 Note and U.S. \$3,194.44 per U.S. \$250,000 Note.

Floating Rate Notes due 1994

Bankers Trust Company, London



U.S. \$75,000,000

Bankers Trust Company, London Agent Bank

The Bear Stearns Companies Inc (A corporation organised under the laws of the State of Delaware, USA)

U.S. \$200,000,000

For the three month period 15th March, 1993 to 15th June, 1993 the Notes will carry an interest rate of 3%% per annum with an interest amount of U.S. \$87.85 per U.S. \$10,000 Note payable on 15th June, 1993.

Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Doubts put share price surge on the line for NTT investors

Michiyo Nakamoto and Emiko Terazono look into the background to the turnround in the Japanese group's stock

T IS difficult not to regard the rally in the share price of Nippon Telegraph and Telephone, Japan's telecommunications group, with at least a degree of suspicion.

After sliding steadily for the past five years, the country's most widely-beld stock has gained 31.5 per cent in just 10 days from Y616,000 on Fehruary 26 to Y810,000 on March 12. Yesterday, the issue took a breatber and closed down Y7,000 at Y803,000 (\$6,819).

furce hehind last week's 1,219.82-point surge on the Tokyo stock exchange which took the Nikkei index over 18,000 for the first time since September 25.

The ostensible trigger for the new surge in NTT has been a number of developments suggesting the group may at last be finding its way out of a situation in which it faces growing competition, falling market share and slumping profits.

In the past few weeks there have been hints that the semiprivate telecommunications group msy be allowed to raise its call rates, and comments by senior government officials indicating they are keen to support the issue. in addition, there has been talk of public investment projects in a new

telecommunications infrastruc-

The combination of these developments has spurred excitement over the group's near-term prospects.

But the timing of the rise in NTT, just before corporate Japan closes its accounts at the end of this month, arouses suspicions as to whether the fact these developments have all come at the same time is merely a coincidence.

be good news for NTT.

For example, reducing the time of a call from Y10 for three minutes to Y10 far 90 seconds - the likely in a rate rise - would double NTT's operat-ing profits by 1994, according to Mr Eric Gan, industry analyst at Kleinwort Benson

won some government support

"It was very cleverly timed," saye an analyst at Nomnra Rasearch Institute, the research arm of Nomura Securities. If any of the positive factors cited are realised, it would

in recent months, NTT has been lobhying heavily for a rise, fuelling speculation It has

"The time has finally come when we must really push for a price rebalance. Unless we do something the situation is going to affect our capital

investments," said Mr Tomeo

EGYPT

With the country's economic reforms continuing

apace, on the 22nd April 1993 the Financial Times

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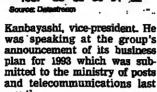
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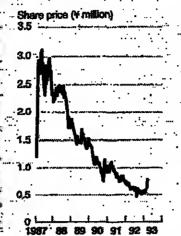
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will be publishing a major new survey on Egypt.

Sales (4'000 billion)



Comments made hy a govaccepting tha need for an



increase in pay phone rates, seemed to suggest government sympathy for NTT's cause. NTT enthusiasts argue that the government, which still owns 65 per cent of NTT shares, has plenty of reasons for wanting to see the share

More than any other issue, NTT symbolises the hopes, and fears, of Japan's individual investors, many of whom invested in stocks for the first time when the government sold its first tranche in Febru-

ary 1987 for Y1.19m a share. By April 22 1987, the shares had climbed to a peak of Y3.18m. However, a series of finan-cial scandals, the plunge in the

100

After-tax profit (Y billion)

fall in the share price. in the past three years, the issue has lost 80 per cent of its value, hitting an all-time low of Y453,000 last August.

Tokyo stock market and con-

cerns nver NTT's husiness

prospects led to a spectacular

Individual investors have hecome thoroughly disillukers who recommended the NTT will be able to get what it issue and the authorities who appeared to have betrayed the

public trust. A strong rise in NTT would go a long way to lifting investor sentiment and help prepare the way for the launch this August of shares in JR East, a regional railway company created by the hreak-up of the state-owned Japan Railways, and in Japan Tobacco, in

The ministry of finance, which has been forced to postpone a fourth sale of NTT shares due to the market's weakness, could also do with the income to help pay for Japan's emergency spending

package. Furthermore, a rise in NTT's share price would help many of its corporate shareholders before the closing of their books this month.

Thus, the government could kill several hirds with one stone hy ensuring that NTT's share price rises.

The third bullish factor supporting NTT's rise has been the idea of a public works project focused on a new telecommunications infrastructure to stimulate the sagging domestic economy.

However, there is little concrete evidence to suggest that

Pfizer wins ruling on heart valve case review wants. The ministry of posts and telecommunications, has publicly expressed no sympathy for a rate hike in anything

By Karen Zagor in Naw York

PFIZER, one of the fastest-growing US pharma-ceutical companies, has won a favourable ruling in a Calif-ornia Supreme Court regarding litigation over the company's Shiley heart valve.

highic

of O'C

The company had petitioned the court to ask the Court of Appeal to review two cases which would allow out-of-state recipients of the Shiley valve to file lawsuits in California. The Supreme Court granted Pfizer's petition, paving the way for the decision to be re-

examined. The California decision is important for Pfizer because California courts are believed to be more supportive of con-sumers than other courts.

Pfizer has been trying to keep the Shiley litigation out of California, especially for patients who do not reside in the state.

The earlier court decision ruled that foreign valve reciplents did not have the same constitutional rights as US citizens to sue in California. About 50,000 people have received the heart valves made

by Pfizer's California unit. Pfizer, which has been trying to put the Shiley litigation to rest for several years, last year filed a comprehensive plan in a Cincinnati court, including a \$215m class action settlement and an additional \$300m in reserves to settle

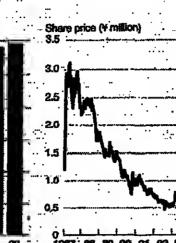
The plan was accepted by the court but in Pennsylvania is awaiting a federal appeals court review.

• Smith Corona, the US maker of portable typewriters, bas predicted a substantial decline in third-quarter earnings. The company, 48 per cent owned by the Hanson group of the UK, blamed lacklustre economic recovery in the US and recession in Europe for its disappointing outlook.

Although the company expects a sharp drop in thirdquarter earnings, it expects to remain in the black. In last year's third quarter to March 31, Smith Corona earned \$4.9m, or 16 cents a share

osti c

id for



was speaking at the group's announcement of its business mitted to the ministry of posts

The group has announced a restructuring programme to reduce the number of employees by 30,000 over the next three years and retail outlets

ernment official last week.

Vontobel to lift dividend after 10% advance

By lan Rodger

VONTOBEL, the Zurich private banking group, reported that consolidated net profit rose 9.9 per cent in calen-dar 1992 to SFr24.5m (\$15.9m). Operating income was up 7.8

per cent at SFr168.9m, with trading income jumping 30 per cent to SFr32.4m and net interest Income rising 25.2 per cent to SFr29.3m. Net commission income was down 3.1 per cent to SFr93m. The directors of Vontobel

Holding, the group's quoted parent company, said they would propose an increase in dividends for its year to March 31 1993, but the amount had not yet been decided.

Losses deepen at Aerospatiale

By David Buchan

FRANCE'S two leading aircraft makers yesterday provided fur-ther evidence of the problems afflicting the industry. Aerospatiale revealed a loss of between FFr1.5bn (\$265m) and FFr2bn for last year, and Dassault Aviation forecast a small profit on reduced turnover this

In an interview with Les Echos, published yesterday, Mr Louis Gallois, president of state-owned Aerospatiale, said that the losses, after a first-half deficit of FFr477m, had deepened in the last six months of

Turnover last year was FFr51bn, but Mr Gallols forecast that 1993 would be "a year of dead water, without dramas but without

Dassault executives said the company's turnover would fall about 10 per cent this year from the FFr14.4bn level recorded in the past two

However, profit would be of the same order of around FFr100m achieved in 1992 and 1991 because the company had cut costs and personnel, with the latter falling to 10,000 by

Bnt the Dassault officials were more optimistic about the company's medium-term future. Orders booked last year rose to FFr21.5bn, thanks largely to the sale of 60 Mirage 2000-5 fighters to Taiwan, a contract which Dassault coyly still refuses to confirm publicly because of China's bostlle reaction to the

By 1995, when Dassault's new range of business jet, the Falcon 2000, starts rolling off the production line, the company expects turnover to start Senior Dassault executives

but pay phones. On the con-

trary, the ministry has contin-

ued to take a hard stance on an

increase in other local call

restructures its local call

operations it could actually

make a profit there. If that

happens, NTT may end up sub-

sidising its long-distance

operations, where it faces com-

petition, with profits from its local call business, where it has a monopoly," says Mr Kazuhiro Suda, director of tha

tariff division in the ministry's

Meanwhile, plans for a gov-

ernment project to build a new telecommunications infrastruc-

ture have been roundly critic-

ised by the ministry of interna-tional trade and industry,

which beliaves such a move

would undermine the whole

purpose of having privatised

NTT in the first place.

The question for investors then is how far those who are

interested in talking up the

share price are prepared to go,

and, perhaps more crucially,

how long will other investors be prepared to believe them.

telecommunications bureau.

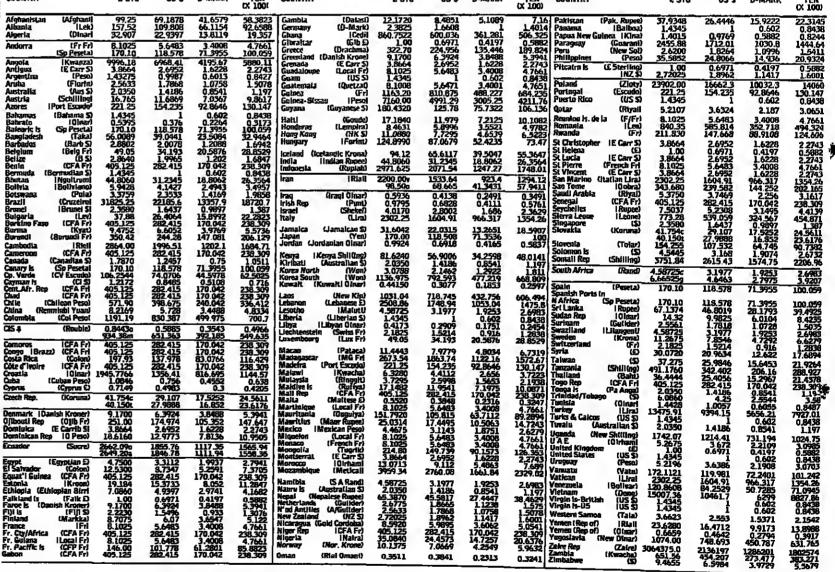
*We believe that if NTT

said it might be "a good idea" if the new conservative government, which is expected to take power after this month's elections, were to include the company in its privatisation programme and sell some of the French state's 46 per cent stake in the com-

Sextant Avionique, the avionics joint venture between Aerospatiale and Thomson CS, also forecast its turnover would continue to fall this year. But, like Dassanlt Aviation, It recorded an increase in orders booked last

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, March 15, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.



Special Drawing Rights March 12, 1993 United Kingdom £0.958078 United States \$1.37216 Germany 0 Mark 2.28231 Japan Yen161.503 European Currency Unit Rates March 15, 1993 United Kingdom £0.612752 United States \$1.16362 Germany 0 Mark 1.93952 Japan Yen167.691 (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential Imports; (g) Financial rate; (h) Exports; (j) Non commercial Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (a) Official rate; (g) preferential rate; (g) convertible rate; (ii) para (d) Selling rate; (i) Tourist rate (d) Correctes inted against the US Dollar (v) Floating rate; (a) CS applies to states in the Roubile Zone. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.

NOTICE OF REDEMPTION

FT SURVEYS

MORTGAGE FUNDING CORPORATION NO. 1 PLC

Class A-1 Mortgage Backed Floating Rate Notes

NOTICE IS HEREBY GIVEN to Bankers Trustee Company Limited (the "Trustee") and to the holders of the Class A-1 Mortgage Backet Floating Rate Notes Due March 2020 (the "Class A-1 Notes") of Mortgage Funding Corporation No. 1 PLC (the "Issuer") that, pursuaot to the Trust Deed dated 31st March, 1988 (the "Trust Deed"), between the Issuer and the Trustee, and the Agency Agreement dated 31st March, 1988 (the "Agency Agreement"), between the Issuer and Morgan Cuuranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the redemption provisions set out in the Terms and Conditions of the Class A-1 Notes, Available Capital Funds as defined in the Terms and Conditions in the amount of £3,000,000 will be utilized on 31st March, 1993 (the "Redemption Date") to redeem a like amount of Class A-1 Notes. The Class A-1 Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A-L NOTES OF £100,000 EACH BEARING

	1116	DISTING		Bearer N		361 00	DELOW	
16 t	235	252	323	370	560	587	643	672
811	613	617	968	99 l	1007	1014	1017	1032
1034	1039	1244	1308	1323	l 124	1452	1556	1558
1604	1625	1694						

The Class A-1 Notes may be surrendered for redemption at the specified office of may of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company 60 Victoria Embankment London EC4Y 0JP

Morgao Guaranty Trust Company of New York Avenue des Arts 35 B - 1040 Brussels, Belgium

Union de Banques Suisses (Luxembourg) S.A. 36-38 Crand-rue 1-2011 Luxembourz

Morgan Cuaranty Trust Company of New York 55 Exchange Place, Basement A New York, New York 10260-0023 **Attn: Corporate Trust Operations**

In respect of Bearer Class A-1 Notes, the Redemption Price will be paid upon presentation and surreader, on or after the Redemption Date, of such Notes together with all unmatured coupons and talons appertaining thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in Lon the specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payer with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A-1 Notes which are the subject of this

MORTGAGE FUNDING CORPORATION NO. 1 PLC

By: Mnrgan Cooranty Trust Company

as Principal Paying Agent Dated: 16th March, 1993

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A-1 Notes to the paying agency's New York Office.

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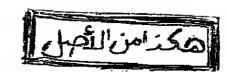
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INTERNATIONAL COMPANIES AND FINANCE

Pacific Dunlop sees brighter prospects

By Kevin Brown

Pfizer wing uling on leart valve ase review

/ Karen Zagor in New Ye

FIZER One Siest growing to his vourable ruling in all services companies between the situation of the large statement of the management of the services of the

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PACIFIC Dunlop, the Australian industrial and food group, yesterday announced a 14 per cent increase in net profits to A\$121m (US\$86m) for the first half to the end of December, on sales up 11.6 per cent to A\$3.2hn.

Mr John Gough, chairman, said the group was "over the worst of the recession", and forecast that full-year profits would increase "significantly". The group maintained the dividend at 10.5 cents, 55 per cent

Pacific Dunlop said sales increased in all its Australian operations, which range from fashion clothing and processed food to packaging, sutomotive products and telecommunica-

The Petersville Sleigh food division, acquired in 1991 from the Adelaide Steamship group and renamed Pacific Brands Food, increased earnings

before interest and tax by 45 per cent to A\$29m.

The group said its international medical and hattery husinesses accounted for 38 per cent of profits and 33 per cent of turnover, compared with 29 per cent and 31 per cent in the comparable period of the previ-

Mr Gough said the group was reaping the benefits of restructuring and rationalisation in the previous two years. He said a tentative upturn in demand for industrial products was being matched by a strengthening in retail demand, but profit margins remained under pressure.

Mr Gough said trading conditions remained difficult.

CRA makes hostile bid for Cail

By Kevin Brown

COAL and Allled Industries (Cail) is likely to wait two said yesterday.

uation of the company before responding to the offer, which values Cail at A\$716m (US\$511m). CRA owns 40.4 per cent of Cail following a A\$7.85 a share offer in March 1991, and the purchase of a further

Packer pays A\$49m for 5% stake in Fairfax

By Kevin Brown in Sydney

NINE Network, the Australian television group controlled by Mr Kerry Packer, yesterday revealed that it paid A\$49.7m (US\$35.5m) for a 4.98 per cent stake in John Fairfax Holdings. the newspaper group con-trolled by Mr Conrad Black.

The snnouncement prompted speculation that Mr Packer was planning a bid for Fairfax, which owns the Sydney Morning Herald, the Australian Pinancial Review and The (Melbourne) Age.

However, the re-election on Saturday of Australia's Labor government means there is little prospect of a change in the law regulating cross-media ahareholdings, which would be required before Mr Packer

The conservative opposition coalition had indicated that it might change the law, which prevents broadcasting operators from acquiring shareboldings of more than 15 per cent in newspaper groups.
If he wished to bid for Fair-

fax, Mr Packer would have to dispose of his controlling 38 per cent shareholding in Nine Network, which would free him from the cross-media ownership restrictions.

Mr Packer sought to take s 15 per cent stake in Fairfax when it was acquired in 1991 hy a consortium led hy Mr Black, chairman of Hollinger, the Canadian media group and proprietor of the UK Telegrapb group. He was forced to with-



Kerry Packer: speculation that he will bld for Fairfax

draw from the consortium after widespread criticism of his prominent role in the Australian media threatened the success of Mr Black's bld. Nine Network said it had

bought the Fairfax shares as an "attractive Investment" There were no "current plans" to increase the shareholding. Nine Network also

announced a 1.3 per cent increase in net profit to A\$39m for the six months to the end of December. The hoard declared an interim dividend of 7 cents, fully franked, com-

pared with nil last year. The board said Mr Packer would resign as chairman, as previously announced. He will be replaced by Mr Bruce Gyngell, who was head of TV-AM, the former British television

reduce costs by cutting 2,000 jobs

By Kevin Brown

WESTPAC, the tronhled Australian hank, yesterday said it planned to make 2,000 staff redundant as part of a restructuring of retail operations intended to cnt operating costs hy A\$150m (US\$107m) a year.

Mr Robert Joss, managing director, said most of the staff in question would leave over the next three months as the retail business was split into separate consumer and commercial divisions. "This new structure will

mable us to better serve the different needs of our husiness and household customers, and presents an important step forward in making Westpac the best retail bank in Australia," he said.

The announcement, which was expected, comes in the wake of a wide-ranging review of Westpac operations following a record loss of A\$1.5bn for the year to the end of Sep-

tember.
The bank announced last week that it planned to dispose of many of its Asian operations, and consolidate its US operations into ona office, as part of a restructuring of international activities.

Mr David Morgan, head of retail hanking, said the redun-dancies would raise the bank's retail productivity to world class levels, hut would not affect customer service. Westpac said last year

that it would probably make np to 4,000 of its 20,000 staff redundant in an attempt to reduce its higher than average expenses to income

Westpac to | Warning over Indonesian banks

By William Keeling in Jakarta

INDONESIA'S listed banks have mostly announced an increase in pre-tax profits for 1992, although bankers warn the sector remains poorly regulated and burdened by non-performing debt.

Of the six largest listed

banks, five improved on their 1991 performance. Pre-tax profits at Bank Internasional Indonesia (BII) rose 62.4 per cent to Rp122.1bn (\$59m), while Lippohank's Increased to Rp53.6bn from Rp24.6bn a year

Bank Danamon's pre-tax profits rose from 11 per cent to Rp51bn, Bank Bali's increased from 17.6 per cent to Rp84.1bn, and Bank Niaga's grew 12 per cent to Rp86.5lm. Bank Dnta was alone in seeing a pre-tax profit fall from Rp35.9bn in

1991 to Rp26.2bn last year. In a year of general consolidation in the Indonesian banking sector, which remains dominated by five state-owned banks, the growth in the listed banks' outstanding loans either slowed or, in two instances, was

Bank Danamon's loan portfolio grew most rapidly to Rp3,609bn from Rp2,950bn in 1991, while Lippobank's loans rose 17.5 per cent to Rp2,150bn. Bank Bali and Bank Duta

posted a marginal fall in outstanding loans, down 7 per cant to Rp1,960bn and 4.5 per cent to Rp1,700bn respec-

Brokers say the banks are more bullish for growth next year. Bll forecast a 50 per cent loan growth this year, after an 8 per cent rise to Rp3,680bn in forecasting loan growth in excess of 20 per cent, while Bank Niaga is anticipating a more modest 15 per cent rise. The government has forecast a 17 per cent rise in banking sector credit this year.

Brokers, however, warn that higher net profits and an increase in credit may flatter the banks' actual performance. The results need to be sccompanied by a now-perennial warning that hanks may he under-provisioning for non-performing assets, they say. Banks should be providing a

minimum of 2.3 per cent of pro-ductive assets for non-performing assets, brokers say, but they believe that none of the listed banks reaches this fig-

in the worst case, brokers

Lippobank and Bank Bali are providing less than I per ceot increase in provisions to 2.3 per cent would wipe out twiceover the bank's 1992 net prof-

Banks anticipating high credit growth this year will also need to watch their capital adequacy ratios. Brokers estimate all the six listed banks to have capital adequacy ratios in excess of 7 per cent of risk weighted assets, a level set by the central bank for the end of

this month. But if the banks meet their targets for credit growth, most will need to raise new capital by the end of the year.

Brokers say this could lead to a call on shareholders for new finance or restricted dividend payments to allow banks to retain profits and boost their

Astra makes sweeping changes

ASTRA International, the Indonesian motor company, has made sweeping boardroom changes prior to aunouncing its 1992 results which, brokers say, will show a 59 per cent fall in net profits to Rp87bn

(\$42m). The changes follow the forced sale in January by the Soeryadjaya family, Astra's founders, of their majority stake in the company. Three of four family members have left the board, including Mr Edwin Soeryadjaya, formerly

Mr Oskar Surjaatmadja, a former director-general of the ministry of finance and currently chairman of the Jakarta stock exchange, has heen appointed president commissioner, equivalent to company

Mr Prajogo Pangestu, who led the consortinm which bought into the Soeryadjaya stake, has become vice-president commissioner. while his close business colleague, Mr Henry Pribadi, has been made

commissioner. The senior management responsible for tha company's day-to-day affairs remains largely unchanged, quelling investors' fears that the sale by the Soeryadjayas could prompt

an exodus of top personnel. The Soeryadjayas still own, directly or through nominee companies, more than 13 per cent of Astra hut are expected further to reduce their stake to repay debts associated with tbeir privately-owned Bank Summa, which collapsed in

December owing Rp1,600hn. Liquidators, led by the cen-tral hank, bave currently agreed to repay large clients half their deposits. They hope to raise further finance by selling off the Soeryadjayas' extensive property interests.

Astra bas yet officially to announce its 1992 figures, but brokers have been privately informed that net profits alumped to Rp87bn from Rp210bn in 1991. The company's vehicle sales fell 32 per cent to 97,239 units, although it increased market share year on year to 56.5 per cent from 54 per cent.

The net profits are higher tban brokers' forecasts, reflecting a recovery in the last ouarter.

Nevertbeless, some new sharebolders are reportedly keen to restructure Astra and possibly dispose of non-core husinesses, which include timber, palm oil plantation and telecommunications subsid-

Sharp pre-tax fall at Inchcape Timuran group

INCHCAPE Timuran, the Malaysian trading group, has posted s 47 per cent fall in group pre-tax profits to M\$13.34 (US\$5m) for 1992 from M\$25.31m in 1991, Reuter reports from Knala Lumpur.

Turnover rose slightly to M\$376.32m from M\$346.52m. Inchcape said earnings were hit by slower growth in sales of consumer products and high interest rates while exports were burt by the strengthening

of the Malaysian dollar. The company was cautious about 1993, saying an easing of credit restrictions had yet to lift sales of consumer goods. · Boustead, the Malaysian conglomerate, unveiled net profits of M\$12.74m for the first half to December 31 up 2 per cent from a year earlier, Renter reports.



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weeks before responding to a hostile A\$11.50-a-share takeover offer from CRA, the Australian mining group, Mr Tony Haraldson, managing director, Mr Haraldson said directors would seek an independent val-

2.9 per cent stake yesterday

The offer is conditional on approval by Australia's Foreign Investment Review Board hecause CRA is 49 per cent owned by RTZ of the UK.

Adsteam provision leads to A\$61m loss

By Kevin Brown

THE ADSTEAM group of companies, formerly controlled hy Mr John Spalvina, announced substantial losses yesterday, indicating that interest costs and falling property prices continue to plague

Adelaide Steamship, formerly the group's flagship, announced a net loss of A\$61m (US\$43.5m) for the six months to the end of December, compared with a loss of A\$69m for the comparable period of the previous year. The company said earnings efore interest and tax rose 23

ancing costs fell 13 per cent to A\$290m. However, the defi-ciency in shareholders' funds grew by 13 per cent to A\$620m. Mr George Haines, managing director, said the result included an abnormal loss of A\$107.8m, mostly related to provisions against the value of

lio, held through Markheath, a 61 per cent subsidiary.

"Adsteam directors have deemed it prudent to make a one-off full provision against the group's Markheath involvement." Mr Haines said, Markheath's discussions with its banka were "proceeding constructively".

Other companies in the group also fared badly. David Jones, the up-market retailer. lost a net A\$59m, compared with A\$53m, and Tooth and Co, the industrial group, lost a net

The hright spot was industrial Equity (IEL), owned by per cent to A\$241m, while fin-Adelaide Steamship, David Jones and Tooth, which reported an improvement in net

profit to A\$79m from A\$27m. IEL said the improvement would have been larger hut for the A\$19m cost of deferring the supermarket subsidiary, and A\$6.4m in other ahnormal the group's UK property portfo-

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March 1993



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INTERNATIONAL CAPITAL MARKETS

German rate cut hopes propel European prices higher

By Tracy Corrigan in London, Patrick Blum in Pragua and **Patrick Harverson** in New York

EUROPEAN bond prices ended mostly higher yeaterday, boosted hy growing expectations of a German rate cut.

■GERMAN bond prices closed % point firmer yesterday as expectations that the Bundesbank will cut rates at its coun-

GOVERNMENT **BONDS**

cil meetiog oo Tbursday gained ground.

A weekend agreement by the German government on a package of susterity measures known as the solidarity pact has prompted strong specula-tioo that the Bundesbank will oot be able to hold out any longer against pressure for a cut in the official interest rates. However, the market fell from overnight highs in Tokyo.

The agreement "makes it cut rates because its creates a year issue, arranged by Credit

more organised fiscal structure," said Mr Klaus Baader, an economist at UBS Phillips & Drew. He added that the fundameotal effect is very small, but "it caps the potential for chaos

in public sector financine". The Euro D-Mark future on Liffe also henefitted from mounting expectations of a cut. The March contract ended at 92.19, up from a previous close of 92-10.

■ UK GILT prices ended slightly higher in very thin trading. The market is expected to remain in suspense until today's government Budget

■ THE DUTCH govarnment sold Dfl 1.4bn of the new 10year state bond yesterday. Dutch bond prices rose in line with the German bood market.

■THE CZECH Republic has launched a Kcs2.5bo (\$85m) domestic Treasury bood issue - the first such issue for more than 50 years - which has beeo fully pre-placed with domestic investors. The four-

	Mar 15	Mer 12	Mar 11	Mar 10	Mar 0	Year ago	High '	Low *
Gert Secs (UK) Pixed Interest	97.74 113.61	97.69 113.46	97.50 113.73	07.86 113.76	97.98 113.71	86.13 99.62	98.04 113.83	65.11 97.15
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Suisse First Boston, carries a fixed coupon of 14.6 per ceot. There are enough domestic investors willing to lend the govarnment money. The response has been better than expected for an satirely new instrument. It also shows investors confidence following the break up of [the former] Czechoslovakia [in January]. said an analyst with CSFB. The proceeds will be used to

• SE activity indices rebased 1974

■ AFTER a firm opening, US Treasury prices tumbled at the long end of the maturity range yesterday morning in response to a surge in commodity prices.

help finance a 1991 budget defi-

cit of Kcs9.9bn.

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13.71	99.62	113.83	97.15	BELGIUM	
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				JAPAN	No 119
midds	aw th	e hen	chmark	NETHERLA	NDS
			nd was	SPAIN	
			ıg 6.901	UK GILTS	

per ceot. At the short end of the market, the two-year note was only slightly lower, down # st 991, to yield 4.084 per ceot. Prices opened higher, buoyed by comments from Mr Alan Grsenspan, the Federal Reserve chairman, who at the weekend said that the recovery remained "tentative".

The market theo suffered a setback mid-morning, however. after the Commoditles Research Bureau index jumped more than 21/4 points to 210.41. The CRB's rise, which soma dealers said was a reaction to Saturday's huge snowstorm

US DOLLARS

Province of Quebec(a)‡ EBRD(b)‡ Nippon Yusen KKic)◆

		Coupon	Red Date	Price	Change	Yield	Week ago	Mont ego
AUSTRALI/		10.000	10/02	116.1158	-0.672	7,74	7.01	8.4
BELGIUM		5.000	03/03	112.1550	+0.380	7,25	7.24	7.7
CANADA -		7.250	08/03	97.3000	-1.000	7.63	7,31	7.6
DENMARK		6.000	05/03	98.8500	+0.380	0.18	8.06	8.7
FRANCE	BTAN OAT	8.000 0.500	05/98 04/03	103.8422 108.2000	+0.322	7.07 7.32	7.15 7.26	7.9 7.8
GERMANY		7.125	12/02	104.1250	+ 0.205	6.53	6.50	6.9
ITALY		12,000	05/02	67.0500	+0.370	12.941	12.90	13.0
JAPAN	No 119 No 145	4.800 5.500	08/99	104.3509 110.0127	-1.087 -0.222	3.93 3.99	3.71 3.91	4.0 4.2
NETHERLA	NDS	7.000	02/03	103.6500	+0.150	8.45	6.46	6.9
SPAIN		10.300	06/02	94.2750	+0.200	11.31	11.29	11,4
UK GILTS		7.250 8.000 9.000	03/98 06/03 10/08	103-08 53-06 107-29	+ 3/32 + 6/32	6.49 7.06 8.10	6.48 7.53 8.05	6.7 7.8 6.4
US TREASI	JRY -	8.250 7.125	02/03 02/23	100-08 103-04	-10/32 -24/32	6.21 6.89	5.80 6.69	6.44 6.77
ECU Frenc	th Govt)	8.000	04/03	103.6500	+0.210	7.47	7.44	6.13

dents.) Prices: US, LIK in 32nds, others in decimal

that hit the eastern US states and may have an impact on some cropa, ahowed higher prices among a broad range of

The uptick in the CRB unsettled Treasury investors, who fear that inflationary pressures may be building up in the

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economy as the recovery gathers pace. Last week, the February producer prices index increased more than expected, and with yesterday's CRB rise, dealers and investors are nervously awaiting the February consumer prices report, which

Deutsche Bank London Merrill Lynch Ind. Nikko Europe

German commercial banks in EC protest

By Quentin Peel in Bonn

THE German Banking Federation, representing the commarcial banking sector, yesterday agreed to make a formal complaint to Brussels about new rules allowing Germany's powerful state banks to register a big increase in their asset base.

The big private sector banks, Incloding Deutache Bank, Dresdner Bank and Commerzbank, are furious at the new ruling which allows the state banks to include the assets of their bousing finance sobsidiaries in their working capital base, and thus greatly extend their lending activities.

Mr Eberhard Martini, president of the banking federation,

said a letter would be sent to the European Commission immediately after yesterday's annual meeting, asking whether the new rules conformed to EC guidelines on

capital adequacy. The main target of the banks is the Westdeutsche Landesbank (WestLB) which has succeeded in extending its working capital by DM4hn as a result of consolidating the assets of WFA, the housing finance institution for North Rhine-Westphalia.

Mr Martini said that the new ruling, mada by the Bundesaufsichtsamt für das Kreditwesen the supervisory body for the banking sector, gave the public sector banks a significant competitive advantage over private sector banks.

S&P reviews Volvo's short-term debt rating

By Christopher Brown-Humes in Stockholm

STANDARD & Poor's, the US credit rating agency, yesterday sald it was reviewing the short-term debt rating of Volvo, the Swedish motor vehicle group, with a view to a possible downgrade, following a sharp increase in group debt and higher operating losses in

S&P said it had placed Volvo's single-A1 rating on Creditwatch with negative implications, but noted that the rating was unlikely to fall below single A2 because of the group's reasonable financial flexibil-

items, compared with a SKrl.5bn profit in 1991. with operating losses rising to SKr2.25bn from SKr1.17bn. Net debt amounted to SKri3bn, up sharply from SKr7bn in 1991, with around SKr2bn attributed to currency finctuations. S&P said: "In the face of continuing difficult trading conditions in its key markets, Volvo is constrained in its ability to contain debt useage. Debt is expected to remain

future." Last December, Moody's investors Service downgraded Volvo's commercial paper ratings to Prime-2 from

higher for the foreseeable

Last week, Volvo announced

Swiss drop bond issuance tax

THE SWISS federal cabinet yesterday abolished stamp tax on Swiss franc bond issuance by foreign borrowers with effect from April 1, AP-DJ reports from Zurich.

It was feared the 0.15 per cent tax on secondary market purchases, and 0.30 per cent tax on primary market purchases, would see Swiss franc bond issuance by foreign borrowers move from Switzerland

to foreign marketplaces.

The federal council was given the power to remove the stamp tax in a national refereodum on September 27.

Also, according to the Swiss finance ministry, a rule requiring that Swiss franc foreign bonds be syndicated by banks located in Switzerland, would be replaced by a regulation requiring only that the lead manager of the issue be located in Switzerland and not the entire syndicate.

> Yes : Tays ation p Without on 9175g (216 ing pomani

KfW raises DM1.5bn as German currency dominates

By Antonia Sharpe

THE D-Mark sector of the International bond market was active yesterday as domestic and foreign borrowers decided that the time was right to lock

into German interest rates. The Bundesbank is widely expected to cut its leading interest rates at its couocil meeting on Thursday, following agreement at the weekend oo the public financing for the "solidarity pact" for the east German economy.

Syndicate managers said the

rate cut had beeo discounted by the market. "Many issuers feel that German interest rates are close to the bottom of their cycle for now," ooe syndicate manager at a German hank KfW loternational Finance

government agency for redevelopment, raised DM1.5bn through an issue of 10-year The bonds will he priced

today, and are expected to

7% per cent bund due December 2003, the lower eod of ths indicated range. The hund yielded 6.54 per cent yesterday

afternoon. An official at the lead manager, Dresdner Bank, said that the boods were widely distrib-uted at home and elsewhere in

For some syndicate managers, the indicated yield spread

INTERNATIONAL **BONDS**

on KfW's boods appeared to be oo the safe side, in order to allow some room for performance. They expected the spread to narrow to 12 basis points when the honds were freed to trade. However, Dresdner said the boods were fairly USA, the financing arm of the triple-A rated German priced, in view of the 26 basispoint spread between yields on 10-vear buods and domestic

By contrast, there was general agreement in the market that the pricing on the Kingdom of Denmark's DM700m yield 14 basis points over the five-year Eurobond issue was

tight. The bonds yielded 10 basis points over the series 105 of medium-term German government bonds. Some syndicate managers believed that it would be difficult for the bonds to keep to the launch spread once they were freed to trade, which is likely to happen early

WestLB, the lead manager, reported good demand for the honds from central hanks, attracted by their five-year maturity and the fact that the borrower is an European Com-

Mr Niels Sorensen, head of the debt department, foreign area, at Denmark's National Bank, said that the proceeds from the issue were for the foreign exchange reserves of the central bank. The issue will almost complete the central bank's first-quarter borrowing programme of DKr12bn.

Mr Sorensen said the Issue also lengthened the bank's deht maturity profile, which prior to yesterday's deal was

"We wanted to take out some

YEN Fu l Bank Intl.Finance(d)‡# Fuji Bank Intl.Finance(a)♠	35bn 15bn	(d)	100 100	[d) (a)	0.3/0.1 1/-	Fuji Inti.Finance Yamaichi Inti.(Europa)
D-MARKS KfW Intl.Finance USA(f) Kingdom of Denmark Depfa(g)‡ Helaba Luxembourg	1.5bn 700 200 100	(f) 6.125 g1 8	0) 101,375 100 99.8	Apr.2003 Apr.1998 Apr.2003 Apr.1998	2.5/2.175 2/1.75 0.3/0.18	Dresdner Benk Westdeussche Landesbank Trinkaus S Burkhardt Helaba
FRENCH FRANCS CCF[h)#	500	jh)	101.525	Apr. 1998	1.875/1.725	CCF
STERLINO Euro.Coal 6. Stee) Commun.(i)	20	9.875	109,484	May.2017		Barciaya de Zoete Wedd
LIRA LKB Baden-Wurt'berg Finance	200bn	10.78	101,15	Apr.2003	2/1,375	an Mian

any fullerset payment date from Mar.98 at par. 9) Perpetual subordinated issue. First coupon is 3-month Libor + 0.75%; thereafter coupon pays 3-month Libor + agreed margin. If not agreed the following mergina eppty: + 0.95% for first 5 years, + 1.25% for years 6-10 end + 1.85% thereafter. Callable after 5 years. Putable on any interest payment date, when coupon has been squeed, all par. 9 Priced today to yield 14-16bp over the 7.125% bund due Dec.2002. g) Coupon pays 9.5% fixed annual in first year and 12.25% - 6-month Libor thereafter. h) Coupon pays 8.75% fixed annual for first year and 14% - 6-month libor thereafter. 7) Fungible on 26/5/83 with the outstanding £80m.

man rates have come down," CCF took advantage of inves-

tors' hopes of lower interest

longer-term debt now that Ger- rates in France to raise FFr500m worth of five-year reverse floating rate notes, Its secood such Issoe sloce

The joint lead manager, Morgan Stanley, said the bonds were sold throughout Europe and were trading at their issue price late yesterday.

MARKET STATISTICS

RISES AND FALLS YESTERDAY

sted are the lalest informational bo	nds for t	vhkt ti	ere la s	un audė	quate :	recordary market.	Latest pr	icos at i	7:05 pm		rch t
S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg.	Yleid	OTHER STRAIGHTS	Issued	814		Chg.	Yield
3N 9 1/8 94	200	106	1064	-5	4,50	ARBED 7 1/2 95 LFr	600	974	984	-6	8.82
BERTA PROVINCE 9 3/8 95	600 400	11012	1134	-1	4.97 6.18	WORLD BANK 8 96 LFr	1000 1000	9912	10012	-4	8.12
STRIA 8 1/2 00	100 250 150	1075	1131	鬟	5.58	ENEXGE BEXEEKS 3/4 9B F1	500	100 108	10812	-4	7.99 6.98
LGIUM 95/898	250 150	1165 108	1084	-6	5.91 5.46	HALLEVED DO OUT ET	500	1111	112		6.89
CE 7 3/4 97 P 8 5/8 99 RTISH GAS 021	500 1500 1000	105%	1064	1	4.32	ALBERTA PROVINCE 105/8 96CS BELL CANADA 105/8 99 CS	500 150	107% 110	1084	-14	7.60 8.50
MADA 996	1000	10% 110%	101		8.28	BRITISH COLUMBIA 10 % CS	500	1063	1067	-4	7.67
CE 9 1/4 95	300 200	1084	1094		4.43	E1B 10 1/B 98 CS	130	1094	1104	-16	1.81
INAQA 96 ICE 9 1/495 A NAVIERA PEREZ 9 96 INAQUE EUROPE 8 96 INAQUE EU	100	994 1063	997 1074	4444	9.45 5.81	FORD CREDIT CANADA 10 99 CS	275 100	1084	1033	-12	8.07 7.79
EDI1 FONGER 9 1/2 99 ENMARK 8 1/4 94 ENMARK 9 1/4 95	500 150 1571	116%	1171 1054	-9	4.33	GER ELECCAPITAL IDAN CS	500	106	1065	-4	7.81
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873/496	250	1005	1094 108	44444444	5.33 5.25	OSTER KONTROLLBANK 10 1/4 99 CS	150	110	1104	-4	8.16
8 7 34 96	1000	1074	U41.	-6	5.65	QUEBEC PROV 10 1/2 98 C5	200 1250	109 1044	1095 1041	+14	8.43 7.45
JRO CRED CARD TST 9 94	325	114	106		5.70 5.25	CREDIT LYUNAAIS 9 1/2 ECU	125	10215	1034	+4+4	6.05 7.85
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	300	1001	100° 112	- 3	5.39	UNITED KINGOOM 9 1/8 01 Em	2750	1081	1044	+1 +1	7.57 7.61
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O OK JAPAN FIN 77/897	200	107	1074	+4	5.89 5.24	ERSPURIFIRANS 12 3/8 95 A\$	泵	110½ 108¾	1095		7.05
I ER AMER DEV / 3/0 70	1500	1074 1064	107፯ 106ኊ	-4	4.33	MCDONALDS CANADA 15 95 AS	100	116	1166	+4	6.54 7.12
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- ☐ 1 Proprietor/Self-Employed Partner
- □ 2 Employed □ 3 Consultant
- □ 4 Retired
- □ 5 Student/Unemployed

Nature of Business

- □ 1 Financial Services
- □ 2 Construction
- □ 3 Other Services
- □ 4 Transport/Travel/Communications □ 5 Distribution/Hotels/Catering

□ 6 Extraction (Oil, minerals, etc) □ 7 Manufacturing/Engineering

- □ 99 Other (Please State

Age

- ☐ 1 Under 25 □ 2 25-34
- **□3 35-44**
- □ 4 45-54 □ 5 55-64
- □ 6 65+
 - Types of investment currently held □ 1 Domestic Equities
- 2 International Equities
- □ 3 Offshore Deposits □ 4 Property
- □ 5 Bonds
- □ 6 Precious Metals/Gems
- □ 7 Unit Trusts/Mutual Funds □ 8 Other International Investments
- □99 None

Which of the following do you have?

- ☐ 1 Credit Card (e.g. Visa)
- □ 2 Gold Card □ 3 Charge Card (e.g. Amex)
- □99 None

Strong growth in Hong Kong and Asia Pacific operations

HSBC doubles to £1.7bn

By John Gapper and Simon

STRONG PROFITS In Hong Kong and the Asia Pacific region helped HSBC Holdings to raise pre-tax profits by 94 per cent in sterling terms to £1.7bn for 1992 compared with

The increase expressed in Hong Kong dollars was 56 per cent to HK\$20.1bn (HK\$12.8bn). Asia Pacific operations made a £1.3bn pre-tax profit (£878m). They contributed £430m of the

rise in pre-tax profit, helped by an exceptional profit of £270m on the sale of a 10 per cent stake in Cathay Pacific Air-

The charge for possible bad dehts more than doubled to £1.19bn (£502m) after taking in £321m attributshle to Midland, £297m from Olympia and York, and £90m from Concord Leasing, £49.5m of which relates to shipping loans.

Provisions against Olympia and York now amount to 60 per cent of the £500.1m exposure. Mr John Bond, chief executive, said it was "extremely unlikely that we would take another stand alone position like that in the future".

Sir William Purves, chairman, said that although economic growth in Asia had been robust recession in several of its markets made 1992 quite a difficult year and resulted in "a significant increase in the level of provisioning".

Sir William said this would be "a year of consolidation" for Midland. "The highest priority is for Midland to get its domes-tic retail business firing on all cylinders, and to improve service to customers,

HongkongBank's profit attributable to shareholders after tax and exceptional items rose to £1.01bn (£599m). Hang Seng Bank, in which HongkongBank has a 61.4 per cent shareholding, contributed £486m (£311m).

Both Marine Midland, tha US subsidiary, and HongkongBank of Australia returned to profit. Marine Midland showed a profit of £79.3m (£94.9m loss), while HongkongBank of Australia made a profit of £3.5m

Profits of James Capel, the group's stockhroking subsidary, fell to £7.6m (£17.7m), after restructuring and other charges. European results were "disappointing," while Asia and the US were "highly profit-

Net interest income grew to £3.34hn (£1.84hn) and other operating income grew to £2.63hn (£1.2bn).

A root-and-branch review

has been carried out under the new chairman Mr Moger Wool-

ley, with the help of a new merchant bank - Robert Flem-

ing has replaced Hambros -

Despite a rise in operating expenses to £3.37bn (£1.78hn) the cost to income ratio fell to 56.6 per cent (58.4 per



John Bond: charge for possible bad debts shows sharp increase

The group's ratio of capital to risk-weighted assets stayed constant at 12.3 per cent, although its tier 1 capital ratio fell to 7.4 per cent (9.6 per

Its property revaluation reserve under tier 2 capital rose to £1.05bn (£381m). Earnings per share were 72 per cent up at 62p (36p).

The final dividend is 14.2p, increasing the total to 19p (12.71p). Shareholders' funds rose to

£8.01hn (£4.82hn) and assets grew to £170.5hn (£85.79hn). The return on average assets rose to 1 per cent (0.7 per cent). HSBC's 75p ordinary shares closed 20p higher at 624p. See Lex

BM poised for losses after heavy write-downs

By Jane Fuller

BM Group, the construction equipment and engineeriog concern, is likely to fall into the red this year after substantial losses on business dispos-als and other write-downs.

The group announced vesterday that it would take an exceptional loss of about £13m on the recent sale of Blackwood Hodge UK and Spain to international Machinery Com-

The share price, which collapsed last summer after the departure of the chairman Mr Roger Shute, fell 6p to 54p yes-

Thirst for Vimto prompts 8% gain at JN Nichols

STRONG SALES of Vimto, the fruit and herh drink, helped JN Nichols report an 8 per cent increase to £8.36m in pre-tax profits for 1992, on sales virtually unchanged at £47m.

and new auditors – Price Waterhouse for Kingston The campaign to widen the appeal of Vimto, traditionally the favourite soft drink of Northern non-drinkers, and an Analysts estimate that increased contribution from exceptional losses could run to £20m-£30m. This would push Nichols Foods helped to offset the group into the red even a decline in contract canning before interest costs on trading profits thought to be running and export sales.

The company said the £1m decline in exports, a significant proportion of which are tarat £15m-£20m for the year to June 30. Last June net deht geted at the Middle Eastern stood at £61.1m. The interim results have market where Vimto is ofteo been delayed until April. used to hreak the Ramadan ing of deliveries. Ramadan had fallen later than the previous

The group's main export

markets continued to grow,

In the UK, bad weather last summer had had an adverse affect on sales in the latter half of the year. Nevertheless, Vimto showed a strong improvement and the can vending husloess helped to

increase sales.

The final dividend is increased by 10 per cent to 8.5p, for a total 1.3p higher at 13.6p. Barnings were ahead

Gearing surprise as as Laporte drops 10%

By Paul Abrahams

chemicals group, yesterday reported pre-tax profits down 10 per cent, from £96.4m to £86.6m, for the year to Janu-

The shares fell 9p to 876p, as analysis were surprised by the group's gearing. Although debt at the year end had been £125.6m, Mr Ken Minton, chief executive, said during a pre-sentation to analysts that It had deteriorated since January to about £190m.

Most of the deterinration ahont £25m - had been caused by adverse currencies and in particular the rise of the dollar. Deht at Evode, recent acquisition, had been higher than expected (£10m) and the group had hought about £8m of Evode's shares during the takeover. A further acquisition (£5m) and seasonal changes (£6m) had added to deht. Mr Minton said the group would be cash-positive during 1993.

Mr Minton said the results had been in line with predictions and that he felt pretty good about the prospects for Evode and the group gener

The results were achieved on turnover down from £616m to £608m. The pre-tax profits included £9.6m from the Interox business which was sold on May 21. Sales of Interox until that date were

The organic speciality division's operating profits were £15.8m (£4.9m) on turnover np from £33.6m to £81.7m thanks to the acquisition of the peroxy speciality husiness at Interox. The existing business increased from £33.6m to £41m. The peroxy business

added £9.4m to the profits, Sales at the absorbents division increased 12 per cent from £81m to £90.8m, while trading profits rose frnm £11.7m to £12.1m. Mr Minton said the figures masked a dis-tinct improvement in margins during the second half of the year from 10.7 per cent to 15.9 per cent. The improvement was dua to significant investment and rationalisation.

The construction chemicals division reported operating profits np 69 per cent from £10.6m to £17.9m on sales of £141.1m (£105.9m). Rockwood, a recent acquisition, generated £25.7m of the £35.2m increase

The hygiene and process ing profits up 14 per cent from £14.1m to £16.1m on sales of £96.3m (£89.3m). The metals and electronic chemicals division's turnover was up 3 per cent from £94.4m to £97.5m. Operating profits fell 7 per cent from £15.2m to £14.2m. Capital expenditure, which the company described as

Earnings per share fell 2 per cent from 40p to 39.2p. The hoard priposed a final dividend of 12.5p, making a total for the year of 19.5p (18.9p), a rise of 3 per cent.

heavy, was £74m.

Turnround in exceptionals behind 25% decline at ECC

By Maggia Urry

PRE-TAX PROFITS at English China Clays, the industrial minerals and construction materials group, fell 25 per cent in 1992 to £86.2m, com-pared with £115.4m for the previous year.

There was an exceptional charge of £14.3m, against a credit of £2.2m, mainly relating to the write down of housing land announced in September. Group sales fell 4.5 per cent to Lord Chilver, chairman, said

the European markets were unlikely to show much progress" in 1993, hut there were signs of recovery in the US. He said the group expected to at least maintain the dividend in 1993 at the 1992 level of 20p, itself unchanged from

Mr Andrew Teare, chief execntive, said there had heen "intense pressure from custom-ers for substantial price reductions" as the paper industry,

1991. The shares rose 5p to

the main user of china clay, struggled with overcapacity. He said ECC had resisted and

volumes had been maintained. He said the group was in the middle of a five year programme to change the com-pany around. "We have done all the obvious things" he said. such as cutting costs, selling businesses and sorting out the halance sheet.

The group was now the world's leading supplier of kaolin following the purchase of Georgia Kaolin in the US, at the end of 1990.

The next step was to seek out business opportunities, such as expanding sales into the Pacific area, supplied from the US, and developing new uses for its industrial minerals. Operating profits from ECC International fell to £90.5m (£97.7m), although sales were

marginally higher at £589.8m. Profits from construction materials, largely hard rock used in road building, fell to £15.3m (£24.1m). Sales rose 2.4 per cent to £352.4m, as strong

volumes were offset by price

The housebuilding division now being wound down, contributed £8.3m (£14.3m) in profits, and generated cash of £18.6m (£23.8m) as land was sold. Since 1990 £52m had been raised from this division, and the total could reach £200m.

The interest charge was 25.4m (£16.5m) following the £209.2m rights issue last year. Net deht rose hy £40.3m to £172.8m, 21 per cent of share-holders funds. The translation of overseas debt at lower sterling rates added £45.2m to debt. Earnings per share fell 30 per cent to 21.87p. An unchanged final dividend of 13.4p is pro-

Under FRS 3, which the group will apply to its published accounts, pre-tax profits rose from £79m to £100.2m. mainly because of the reclassification of an extraordinary profit of £16m. Earnings per share were 27.26p, np from

Tough

nadin

leaves

at £18

Sterling's collapse helps MAI advance by 12% to £33.9m

By Hugh Carnegy

MAI, the financial services and media group headed by Lord Hollick, the Labour peer, increased pre-tax profits by 12 per cent to £33.9m in the six months to December 31, against £30,2m.

The core money and security broking ousiness was again the main engine, accounting for all but £25m of turnover, which was up 9 per cent at £204.5m (£187.2m). Broking operating profit was up 16 per cent at £21.9m (£18.8m) in what analysts described as peak conditions with governments world-wide seeking financing for

With 60 per cent of profits accruing overseas, mostly in dollars, the company benefited from the sterling crash follow-ing "Black Wednesday" last

Lord Hollick said translation was at an average of \$1.69,

PEEK reported pre-tax profits

up 18 per cent, from £6.06m to

ahead 6 per cent from £84m to

£88.8m, despite a setback in lts

the Far East, saw operating

profit rise 75 per cent to £6.6m

(£3.77m). Most of this was

attributable to acquisitious -

notably of four companies in

Denmark, Finland, Norway

and Sweden - which helped

push turnover np 56 per cent to

Results for the field data side

By Hugh Carnegy

field data husiness.

1991-92 year. With the rate now running at about \$1.43, the benefit would he greater in the second half, he said.

MAI added, however, that profits had been held back by a sharp decline in foreign exchange activity in the Far East, particularly Japan, where there was no sign of a sustained improvement

Meanwhile, Lord Hollick declined to comment on his relations with fellow directors at Mirror Group Newspapers. He has distanced himself from a recent statement from the board expressing anpport for the current management but refused to be drawn on reports that he might resign. "I am still a director," he said.

He was more forthcoming about Merldian Television, which won the south of England ITV franchise with a £36m hid and began broadcast-

ing on January 1. He said advertising and audi-

Traffic side bolsters Peek

ahead of target. It was prema-ture to speak of a sustained upturn in TV advertising, hnt prospects seemed good.

MAI is investing £30m most of which has already been spent, with a targeted profit for the company in 1994.

Profits increased at the Wagon used car finance company, the mainstay of retail financial services, despite sluggish motor sales. Analysts said Wagon had increased its market share and appeared to have overcome the worst of its bad debt problems. Wagon said it had refinanced more than £200m of bank loans on a medium term basis.

Profits in the information side, which includes the NOP market research organisation, were also well ahead at £2.1m, compared with £1.2m, on turn-over of £25.4m (£22.9m). The interim dividend is

raised to 2p (1.4p) to reduce disparity. Earnings per share

HSBC Holdings plc 1992 Results Performance continued to improve

Fnr the year	1991 £m	1992 £m	% +
Group profit befare tax	880	1,710	94
Profit attributable to shareholders	586	1,221	108
Per share	Pence	Pence	
Earnings	36.06	62.07	72
Dividends	12.71	19.00	49
At year-end	£m	£m	
Sharehniders' funds	4,819	8,011	66
Capital resources	6,789	13,975	106
Assets	85,786	170,450	99

⁶⁴Although economic growth in Asia was rohust, the continuing recession in several of our majnr markets made 1992 quite a difficult year, and resulted in a significant increase in the level of provisioning. In these circumstances, the Group's results are satisfactory.

The acquisiting of Midland Bank was a very significant development in the history of the HSBC Group. Integrating Midland into the Group is a major priority for 1993 and I am pleased to report that the progress so far has been encouraging.

performance is closely linked to the nutlook for the world economy in 1993. The economy in the US is

Sir William Purves, Group Chairman

The HSBC Group's performance continued to improve in 1992. In addition to the inclusion of Midland Bank for the first time since its acquisition in July, the growth in profits during 1992 reflects improved results from all the major members of the Group. In particular, increases were achieved by Hongkong Bank, Hang Seng Bank and The British Bank of the Middle East, Both Marine Midland Bank and HongkongBank of Australia returned to profitability.

The information in this announcement does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 1992, which contain an unqualified outliers' report and do not contain a statement under section 237(2) or (3) of the Act. will be delivered to the Registrar of Companies in England and Wales in accordance with section 242 of the Act.

Copies of the full results announcement may be obtained from Group Public Affairs, 10 Lower Thames Street, London EC3R 6AE, United Kingdom or 99 Bishopsgate, London EC2P 2LA, United Kingdom. The 1992 Annual Report and Accounts will be sent to

HSBC Holdings plc



Registered Office and Group Head Office: 10 Lower Thames Street London EC3R 6AE, United Kingdom

The cantinuing improvement in the Group's

gradually recovering, but econnmic prospects in the UK and much of the rest of Europe are less encouraging. We are determined to continue tn develop nur business in Asia, which contains some of the warld's fastest-growing economies and where we have an unrivalled position."

Pre-tax profits of £682,000 for the period compared with losses of £1.51m last time and a £3.03m deficit for the 8 months

but turnover was still suffering as a result of low levels of general economic activity. UK leiaure profits rose to £3.37m

£54.1m (£34.6m).

The USM-quoted company said it continued to offer its (£3,000 losses).

(5.60 losses).

Record declines to £1.25m

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	ponding dividand		last year
Abbott Meadfin	8.3	June 18	5.6	9.3	8.4
Alliance Trustfin	31	Apr 28	29	48	43
Antologastafin	14	June 21	13	20	19
BPPfin	S.3†	May 20	4.5	8	8.9
Claremont G'ment n	3.95	July 1	3.5	7.25	8.5
Deltafin	9.8	Juna 1	9.8	14	14
Emessfin	0.1	May 21	0.35	0.1	1
English Chinafin	13.4	June 15	13.4	20	20
HSBCfin	14.2	June 4	-	19	-
MI fin	5.8	May 17	s.a	10	10
JIBiu	5_	May 17	5	7.5	S
Laportefin	12.5t	May 20	12.1	19,5	18.9
MAIint	2	Apr 30	1.4	-	6
Metairexfin	3	Jun 4	2.64"	4	3.55*
Nichols (Vimto)fin	8.5	Mey 10	7.7	13.6	12.3
Peekfin	2.35t	July 5	2.35	3.4	3.4
Recordfin	2.45	July 1	2.45	3.6	3.8
Rugbylin	3.6	May 14	3.6	8.45	6.45
Takarefin	1.2	Apr 29	1	1.8	1.5
United Uniformfin	2	July 15	ż	3	3
Wassallfin	1.7	May 21	1.3*	2.5	ž.
Watmoughs	8.8	Apr 30	8	11.5	10.5
Dividends shown pence	per share	a net exce	pt whare	Otherwise	atated

Equivalent after allowing for scrip issue. fOn increased capital.

The traffic division, which includes systems for junction to 4.2p (3.6p) and an unchanged signals and road offence monifinal dividend of 2.35p is recomtoring in the US, Europe and

declined with sales of £34.8m

(£49.5m) and operating profit of

£2.12m (£3.54m). Peek said this

was due to weak performance

oi reek measurement, which

produces measuring equipment

for the petrochemical and

water industries in Europe. Earnings per share advanced mended for a maintained total of 3.4p.

managing director, said he was relatively cantious about 1993, noting there was a reluctance in the present economic climate in Europe for customers to make commitments to big

capital investments such as

traffic systems. He predicted

more than a quarter, while UK sales declined to £16m, against

Redundancy costs increased

sharply from £132,000 to

£891,000 as the group lost more

It made an exceptional provi-

sion of £395,000 against the cost

of transferring plant from War-

rington to Sheffield, which was

partly offset by £134,000 excep-

tional profits (losses £189,000)

on disposal of property in Can-

The board proposes to hold

the final dividend at 2.45p

maintaining the total for the

year at 3.6p uncovered by earn-

ings per share of 2.2p, com-

than 100 employees.

Mr Allen Standley, group

growth over the next decad particularly in "smart" traffic systems which increase efficiency of road use. It is looking to expand in the Far East and

profits growth in single figures

Peek was optimistic, how-

ever, about prospects for

this year.

has negotiated a 41 per cent holding in a control systems company based in Chengdu, China. Mr Standley said Peek was also planning to concentrate on producing strong growth in its field data side. This will

come through its wholly-owned Husky computers subsidiary, which last year introduced two new "rugged" computers and increased turnover and profits.

£2.36m (£2.27m), earnings per

share were marginally down at

6.81p (6.93p); but the total divi-

dend goes up from an equiva-

lent of 3.55p to 4p with a rec-

ommanded final of 3p. A

1-for-10 scrip issue is also pro-

Unigroup, the building materi-

als manufacturer and distribu-

tor, lifted pre-tax profits from

£304,000 to £466,000 in the six

The result reflected an

upaurge in profits from the

timber products division and

also the cessation of activities

on the clothing side where an

operating loss of £122,000 was recorded in the 1991 intarim

Turnovar advanced from

£11.6m to £12.7m and operating

profit from £562,000 to £845,000.

Sales in the timber products division increased from £4.45m

to £7.71m and operating profits

Earnings per share were np

from £670,000 to £797,000.

from 0.58p to 1p.

Timber surge

benefits Unigroup

months to December 31.

NEWS DIGEST

Whitegate Leisure in the black

IMPROVED trading, lower interest rates and the disposal of its loss-making French businesses enabled Whitegate Leisure to return to the hlack in the six months to February 28.

ended August 31 1992. Whitegate's core husiness mass market leisure in the Midlands and the north of England - performed better,

(£2.3m) on turnover of £10.4m

healthcare businesses for sale and considerable interest was being shown. These operations turned in profits of £103,000 Last year's group losses were

after an exceptional charge of £784,000 for restructuring costs and write down of assets. interest took £1.66m (£1.98m) and earnings per share were 2.4p

Pre-tax profits at Record Holdings, the maker of hand and bench tools, plunged from £3.35m to £1.25m in 1992. Group turnover increased to £28.5m (£26m) with exports up

United Uniform climbs to £3.65m

pared with 6.9p last time.

Although 1992 proved to be a more difficult year than anticipated 12 months ago, United Uniform Services, maker of fitted uniforms and corporate clothing, raised pre-tax profits hy 7 per cent from £3.4m to £3.65m in 1992.

Turnover rose 8 per cent to 257.1m. Earnings per share were 10.9p (10.1p) and the dividend total is maintained at 3p with an unchanged final of 2p. The company is to change its name to that of its principal

Metalrax maintains growth with £7.3m

Apparel.

Metalrax Group, the specialist engineer, continued its growth in the year to December 31 with pre-tax profits ahead from £7.21m to £7.31m, on turnover 4.6 per cent lower at £60m.

With a higher tax charge of

William Bedford losses rise to £0.27m

With insufficient turnover to

subsidiary, Horace Small make use of its showrooms and ancillary services 1992 pre-tax losses at William Bedford, the antique dealer and restorer, increased from £210,000 to \$272,000.

The USM-quoted company added that unless there was an unforeseen increase in turnover the present year would . again be difficult.

Turnover was £1.57m (£1.63m). Losses per share were 5p (2.6p).

Beds increase from 2,625 to 4,335 with a further 1,170 on the way

Takare rises 56% to £12m

Takare

Shere price (pence)

By Maggle Urry

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TAKARE, the nursing homes group, raised profits by 56 per cent in 1992 to £11.8m, against £7.6m. Sales rose 62 per cent, from £29.7m to £48m.

Operating profits rose 61 per cent to £10.9m (£6.77m), and interest received was £941,000 (£823,000) after capitalising £4.2m (£3.1m) of interest payments.

Earnings per share growth was slower, at 20 per cent to 12.1p (10.1p), because of the full year impact of the share issue in September 1991. A final dividend of 1.2p (0.6p) is proposed for a total of 1.8p.

Mr Keith Bradshaw, chairman, said the reforms to state funding of care for the elderly chronically ill, which taks effect from April 1, were now clearer. Funding of £524m for 1993-94 was adequate, he said, with a majority committed to

trading

By Richard Lapper

£20.1m.

leaves JIB

Lower interest rates also

was a single final of

Jardine Mathesoo Holdings.

£175.9m (£168.9m). There was

a lower contribution from the

Asla Pacific to £24.8m

losses earlier in 1992 cost

undertakings rose to £2.26m (£416,900), and interest pay-

able fell to £3m (£4.5m).

one-off costs.

another £1m.

the independent sector. The principle of patient's choice of home had been enshrined in the reforms.

Takare has been in talks with all the aocial security departments in areas where it has homes and expected to agree prices and admissions policies with them all before April 1, Mr Bradshaw said. It had also signed long term contracts with three health authorities since details of the new system were announced

last autumn.
During 1992 Takare
increased its beds from 2,625 to 4,335 and has since opened another 450 with 720 under construction due to be completed by April 1. Gearing rose from 10 to 41 per cent.
Mr Bradshaw said that

although Takare could fund devalopment costs of £75m over 1993 and 1994 from existing resources, that would take two years. He said the group was looking at fixing interest rates on its debt.

• COMMENT

Takare's impressive growth continues, and there is no reason to doubt that it can take advantage of the opportunities its market offers. The community care reforms may cause some short term confusion, hut should strengthen lts hand. The only question is of funding the expansion, though even this should become less of a problem as the hase gets larger. Taking capitalised interest into account, interest cover is slim, and there is every chance of a rights issue once the moratorium runs out in September. Even so, Takare has produced good earnings growth even with share issues,

gearing to an unacceptable level. At the time of the last share issue Takare promised reflected in a prospective p/e of up to 17 on forecasts of about not to raise more equity for Tough US | The Telegraph recommends

By Minggie Urry

at £18.2m THE TELEGRAPH, the newspaper group 68 per cent-owned by Mr Conrad Black's Hollinger Group, has written to shareholders giving details of the proposed £72.3m pur-chase of a stake in Southam, TOUGH trading conditions in the United States insurance market and international reinthe heavily-indebted and losssurance markets depressed pre-tax profits at JIB Group, making Canadian newspaper the insurance hroker, to group, from Hollinger. £18.2m in 1992, compared with

The deal is subject to approval of shareholders other than Hollinger, a Canadian holding company, at a special meeting on March 30. The shares fell 3p to 330p. affected the result to leave earnings per share down 26 per cent, from 13.6p to 10.1p.
A final dividend of 5p is proposed, making a total for the year of 7.5p. Last year there

The Telegraph's independent directors, advised hy NM Rothschild, the merchant bank which handled The Telegraph's flotation last summer, are recommending the deal. Share-

holders with 8.3 per cent of the group'a equity, more than a quarter of the non-Hollinger shares, have agreed to vote in In the circular shareholders

1988 89 90 91 92 93

were told that the deal would dilute earnings in the short term, although not significantly, and that The Telegraph would not receive dividends from its investment "until towards the end of 1994", It expects to equity account the stake, which will he held through a joint company owned 50:50 with Hollinger.

The independent directors said that the investment in Southam represented "a unique opportunity". Mr Joe Cooke, managing director of The Telegraph, said it would he able to influence Sontham

purchase of Southam stake through three directors nominated hy Hollinger and The Telegraph.

He said Southam would benefit from recovery in the Canadian economy, from improving its marketing and cutting overmanning - with advice from The Telegraph - and could sell its non-newspaper divi-

Hollinger agreed to buy the 22.5 per cent stake in Southam on November 8 last year at a cost of C\$258.6m (£145.2m), or C\$18.10 per share, a 15 per cent premium to the then market price. The deal was completed on January 8. The Telegraph will huy half that stake paying the same price as Hollinger did, although the Southam share price has since fallen to C\$13.50.

Ransomes in the black with £900,000

By Catherine Milton,

BETTER GRASS growing conditions helped Ransomes, the grass cutting machinery maker, return to profitability in 1992. The group, however,

remained highly geared. Pre-tax profits amounted to 2900,000 and replaced losses of £4.6m on thrnover 6.7 per cent higher at £156.6m (£148.7m).

Aggregate turnover at the America and commercial divisiona rose to £112.7m (£110.7m) and gave an aggregate operating profit ahead 64 per cent, from £4.2m to £6.9m.

The consumer division increased turnover by 22 per cent to £43.9m (£36m) giving an operating profit of £2.7m (2600,000). Tax more than doubled from

£600,000 to £1.3m - an effective charge of 48 per cent of profits before the exceptional item - largely arising out of unrelieved overseas losses. The charge include a \$2200,000 write back of advance

corporation tax. Currency movements contributed to a rise in gearing from 175 per cent to about 250

per cent. The dehts arise mainly from the 1989 takeover of Cushman in the US and other acquisi-

Losses per share worked through at to 9p, down from 17.3p last time.

A £1.8m (£1.5m) exceptional charge was provided for the write down of assets on the transfer of the Bronwer opera-tion from Canada to the US. One analyst said: "Tha com-

pany will not be able to trade out of its current difficulties." Ransomes pointed ont, however, that its principal bankers and institutional lenders continued to be supportive.

Claremont Garments advances to £8.47m

By Jane Fuller

CLAREMONT Garments (Holdings), which last summer expanded its husiness with Marks and Spencer through the purchase of J&J Fashions. increased pre-tax profit hy 35 per cent, from £6.28m to £8.47m, over the 12 months to December 26.

The share price gained 5p to close at a new high of 345p. It has climbed from 154p in July 1991, the month that Claremont demerged from Alexon, the retailer.

J&J and Alexander Milnes, a much smaller buy, added £27m to turnover, which increased 60 per cent to £81.5m (£50.9m) of which about 95 per cent goes to M&S. The acquisitions were included for five to six months. Claremont has about 10 per cent of the M&S ladies wear market, according to Mr Peter Wiegand, chairman.

A 2-for-5 rights issue raised £22.1m towards total spending of about £29 on acquisitions. The extra equity limited the advance in earnings per share to 19 per cent at 16.4p

Mr Wiegand said three of

J&J's factories had been closed and some of its work transferred to Claremont factories.

About 400 jobs had been shed. Mnch of J&J's senior management had gone, he said. The group also parted com-pany with Mrs Jenifer Rosenberg, one of the founders, in an out-of-court settlement involving the payment to her of roughly £100,000.

Mr David McGarvey, managing director, said the manufac-turing side of J&J had been oeglected. It had been a turnover and design-led company rather than "exploiting the profitability that comes from

J&J's pre-acquisition operating margins had been about 4 per cent compared with 13-plus at Claremont. It was hoped to get the combined group average up from about 8.5 to 10 per cent this year.

Net debt rose by £1m to £3m. On axpanded shareholders' funds gearing stayed at about 15 per cent - lower than expected at the time of the acquisition. A proposed final dividend of

3.95p makes a total of 7.25p (6.5p).

Claremont has heoefited both from the resilience of M&S and from its own management rigour in wringing impressive margins from that business. The tantalising prospect of similar discipline being imposed on J&J has helped drive the share price forward. The only surprise in yesterday's results was the pleasant one of cashflow being much stronger than expected. Most of the acquisition debt plus £1.9m of reorganisation costs were rapidly cancelled out. For the future, apart from J&J, the main scope for organic growth seems to lie in exports to the continent. The corporate wear husiness has promise hut is becomes a bit of a straitjacket when the group considers selling to other retailers. A more serious prospect for mediumterm growth is that Claremont will acquire further M&S suppliers. A conservative pre-tax profit forecast of £11m this year gives a prospective p/e of nearly 19 times. This is well up with events, but it remains worth holding as a quality

European Leisure recovers

By Richard Gourlay

EUROPEAN LEISURE, the disco and snooker hall operator which is being investigated hy the Serious Fraud Office and is beset by high debt, reported pre-tax profits of £54,000 for the

six months to December 31. Last year there were losses of £45.8m after a £34.6m exceptional charge to cover losses on disposals. Sales fell 10 per cent

to £35,3m (£39.1m). The net interest charge rose from £3.76m to £4.1m. Debt was unchanged at £76.6m for gearing marginally higher at 227

per cent. Losses per share were

0.65p (28.6p). Distributable reserves remained inadequate to pay either the preference or the ordinary dividend. Mr Ian Rock, chief executive,

said SFO investigations over the takeover of Midsummer Leisure were continuing hut did not affect the daily operation of the company.

Its bank facilities expire in July hy which time It hoped to have worked out a programme to take the group forward. During the year the group sold 23 units, and withdrew

There were six loss-making units in the UK still to be sold, Mr Rock said that at this stage he did not envisage the need for more provisions covering Debt had not fallen as the

almost entirely from France.

units sold had made losses and because there had been investment in the remaining 125 profitable disco and snooker units, Mr Rock said.

"There is nothing wrong with the husiness," he added.
"The future is dependent on finding a proper solution to our deht problem."

"In difficult markets and difficult times we have not done Anglia sets up joint too badly," said Mr Nick Cosh. finance director of tha company, which is a subsidiary of ventures with HBO Turnover increased to

By Gary Mead. Marketing Correspondent

US of £79.5m (£80.6m), offset hy increases in the UK and. Ireland to £71.7m (£66.8m) and ANGLIA TELEVISION has. entered into three joint ventures with Home Box Office, a Administrative expenses division of Time Warner, to produce and distribute televirose to £176.3m (£165.2m), partly because of a number of sion programmes and films

internationally. Under the terms of the deal, The closure of the Philadel-Anglia and HBO will jointly form Citadel Entertainment, which will undertake the husi-ness of Citadel Pictures, cur-Although the dollar strengthened towards the end of the year, foreign exchange rently a division of HBO. Anglia will pay \$3.5m (£2.46m) in two stages for its interest in

the new venture.
At the same time Anglia will Income from associated receive, also in two stages, \$1.5m from HBO for a 50 per

CABLES - CIRCUIT PROTECTION

DELTA

ceot interest in International Television Enterprises, currently a wholly-owned subsidiary of Anglia.

HBO will also acquire a 49 per cent voting interest in Ang. lia Television Entertainment, a new company which will undertake activities currently performed by Anglia's film and drama department. Anglia will receive about £250,000 from HBO, representing some 50 per cent of the value of Anglia's film and drama programmes currently in development.

The joint ventures are seen hy industry analysts as mutu-ally beneficial to Anglia and HBO, which serves more than 23m pay-cable television subscribers in the US.

ENGINEERING SOLUTIONS FOR WORLD INDUSTRY



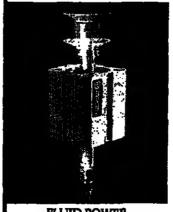
BUILDING PRODUCTS

"A financially strong position and an excellent management team have allowed IMI's basic strategy to remain in place throughout the recession. The actions we have taken are aimed at returning to profitable growth at existing price and volume levels. Strengthening of the world's major economies will enable us to achieve significantly more."

Gary Allen, Chief Executive

FULL YEAR RESULTS 1992

	1992	1991
Sales	£1,006m	£968m
Profit before tax	£68m	£73m
Earnings per share	13.6p	15.0p
Dividend per share	10.0p	10.0p



FLUID POWER

Building Products - increased profits

- Drinks Dispense record profits
- Fluid Power hit by world recession
- Special Engineering good year for valves and components



IMI plc, PO Box 216, Birmingham B6 7BA. Telephone: 021 356 4848

1992 1991 £m 785.9 774.0 Turnover

*55.*0

64.1

23.0p 27.0p

14.0p 14.0p Ordinary dividend Copies of the Annual Report & Accounts fo

Profit before tax

Earnings per share

the year ended 2nd January 1993, from high the above is an extract, are available from 25th March from the Secretary.

ENGINEERING . INDUSTRIAL SERVICES

Amersham

expands in

the US via

\$69m buy

AMERSHAM Intercational.

the UK bealth science group,

is to acquire United States Bio-

chemical, a privately-owned

supplier of reagents to the bio-

technology and pharmacenti-

cal industries, for up to \$69m

Amersham will pay \$52m

immediately to the group of investors headed by Mr

Thomas Mann who are selling

USB. Further payments up to

\$17m will follow over the next

tbree years, depending on

USB - founded 20 years ago

in Cleveland – is known par-

is expected to make pre-tax

profits of \$3.6m in the year to April 30, on sales of \$36m.

step forward for our life science business," said Mr Bill

Castell, Amersham chief exec-

ntive. "Joining with USB will

give us a leading position in

hoth radioactive and non-ra-

dioactive sequencing and will

provide critical mass in the

vital American marketplace."

Acquisitions

BPP to £7m

help boost

This represents a strategic

sales of USB products.

(£48m) in shares and cash.

By Clive Cookson,

IMI suffers 7% fall to £68m

By Paul Cheeseright, Midlands Correspondent

IMI, the international engineering group, beld the decline in its profits before tax for the 1992 year to 7 per cent.

The pre-tax outcome of 968m compared with £73.2m last time. Earnings were 13.6p (15p) and the total dividend is maintained for the third year running at 10p via a final of 5.8p.

The stock market viewed the figures benignly enough to push the shares up 11p to 270p, checking the decline of last week when the shares dipped

Turnover advanced from £968m to £1.01bn, producing operating profits down on margin pressure to £75.6m (£78.1m). Intercst payments

WITHDRAWAL from an

Australian business and con-

tinuing problems in US cahles

further undermined profitabil-

ity at Delta, the electrical engi-

Pre-tax profit for 1993 fell 14

per cent lo £55m (£64m) on

turnover of £785.9m (£774m).

This followed about £3m of

rationalisation costs at Sur-

prenant, a US cables company

badly affected by defence cuts.

and a dent in profits of more

Mr Robert Easton, chief exec-

utive, sald disposals and clo-

sures in Australia accounted

for 80 per cent of the £8.2m

profit fall in the industrial ser-

vices division, which made

£12.8m pre-interest on £160.1m

Wiltshire cuts

loss to £979,000

Wiltsbire Brewery, the

USM-traded hrewer and dis-

tributor lo which the UB

Group of India late last year

ga)ned management control.

vesterday reported a reduced

the the 12 months to Novem-

ber 30 (£2,5m for 14 months),

losses before tax were £979,000

(£1.39m), struck after exceptional charges of £297,000 (£460,000). Losses per share

At the operating level, how-

ever, the company returned to

the black with profits of

December's £6.9m refinancing

and purchase of 37 puls. Mr

Vijay Mallya, chairman, said

that gearing bad dropped from

354 per cent to 102 per cent on

improvement at the operating

level to the conversion of loss-

making bouses into tenancles.

thereby reducing overheads

and generating rental Income.

Some 83 per cent of the estate

is now tenanted. However, the

company still has a bad debt

The company plans to change its name to United

Mr Mallya attributed the

£38,000 (losses of £207,000).

On turnover at £2.47m for

annual deficit.

were 8.58p (15.93p).

e pro-forma basis.

Losses in North America

than £6m in Australia.

neering group, last year.

By Jane Fuller

reflecting both an increase in investments and £20m on gearing over the year to 26 per cent (22 per cent) and, more significantly, foreign exchange variations towards the end of

The group is now nearing the end of recession-induced rationalisation. "Major job losses: we think that is now behind us in 1992," said Mr Gary Allen, chief executive. noting that the net loss of jobs during 1992 was 1,100, taking tbe total payroll at the end of the year to 17.500.

"The high level of capital spending we have undertaken in recent years puts us in a good position to recover quickly in any general upturn in activity," said Sir Eric Pountain, chairman.

In the last financial year, IMI spent £54m on fixed capital

were the main factor behind a

33 per cent decline in profits in

the cables division to £8.68m

(£13.1m) on £263.8m 1£279.4m)

sales. The impact of severe

competition in the UK was off-

the engineering division,

including plumbing products

and control equipment. It rose to a record £22.2m 1£21.3m) on

£320.1m (£295.1m) turnover.

thanks to continuing growth in

continental Europe. However,

continental demand slowed in

In circuit protection, profit recovered to £17.1m (£13.6m) on

£132.7m (£110.8m) sales. New

products, particularly a circuit

breaker for industrial use, had

£1.69m profit on a business dis-

posal and a £2.71m currency

WATMOUGHS (Holdings), the

Bradford based printer, yester-

day announced a 51 per cent increase in 1992 full year prof-

its and said it detected a

"slight improvement" in the

UK newspaper colour supple-

At the same time Mr Patrick

Walker, chlef executive,

revealed that the group had

won the cootract to print the

News of the World's Sunday

colour supplement, Britain's

with a weekly print run of

Mr Walker said News Inter-

national had signed a letter of

intent for the group to begin

printing the supplement in

April next year, when the pres-

ent contract with a German

Watmonghs bas yet to decide on whether to buy a new press

Pre-tex profits for 1992

increased to £12.2m (£8.1m) on

turnover which rose to £118.9m

(£107.4m) despite difficult trad-

ing conditions, industry excess

capacity and pressure on mar-

to service the contract.

5.2m copies.

printer expires.

ment and magazine markets.

The results included a

improved market sbare.

The biggest profit earner was

set by exports.

the second half.

By Paul Taylor

acquisitions. Over the three years of recession its capital expenditure £160m - has been running at 1.5 times the rate of depreciation and its acquisition spending has

reached £120m. Of the main operating divisions, drinks dispense and fluid power were the strongest, underpinning operating profits. Earnings were lower in the fluid power and special engineering divisions, the last containing the troublesome titanium operations which continued to lose money.

• COMMENT

Given a flat UK economy, divining 1MI's immediate future is the art of balancing the brightening US economic prospect against the darkening

gain on an investment related

to an aborted US acquisition.

Mr Easton said Delta backed

out of the purchase, worth

about \$200m (£140m), because

of a last-minute problem aris-

ing from the due dlligence

financed, taking gearing to

between 50 per cent and

60 per cent, as the group

retains its aversion to equity

Year-end gearing rose from

13 per cent to 18 per cent, on

net assets of £322.2m. The main

purchase was the outstanding

36 per cent stake in Delta

Crompton Cable for £37m from

Earnings per sbare slipped

from 27p to 23p. The proposed

final dividend is held at 9.8p to

give an unchanged total of 14p.

Watmoughs rises 51% to £12m

After adjusting for the

£22.3m rights issue early last

year, earnings increased to 26p

(20.6p). A recommended final

dividend of 8.8p makes an 11.5p

The profit improvement

reflected the recovery from a

temporary downturn experi-

enced in the 1991 second quar-

ter, coupled with lower interest

charges of £456,000 (£2.54m) fol-

lowing the receipt of the pro-

ceeds of the rights issue and

share of the market for high

quality long run colour supple-

ments, magazines, mail order

cetalogues and retail bro-

Export sales from the UK

continued to grow reaching

£5.86m (£3.75m) last year. Sup-

ported by its strong cash flow

the group bas been investing

beavily in new technology and

expanding its presence in con-tinental Europe.

Capital expenditure last year

totalled £59.3m including a

substantial investment on new

presses in the UK and £31.6m

on the group's new gravure

plant in Madrid which begins

Mr Walker said the group

lower interest rates.

cbures.

and wins magazine contract

(10.5p) total.

exercise.

issues.

continental European market. The group bas helped itself to the extent that it has now. after heavy investment, sorted out its copper tube operations and is gaining market share. Titanium should stop loslng money this year as the market firms, hut fluid power remains a worry in Europe and the best year for selling building products in Germany has passed. Small wonder it is looking for expansion in the Far East.

Still, drinks dispense looks strong and recent capital investment will flow through to the bottom line this year making 1993 pre-tax profits of £75m look feasible. That would produce earnings per share of 15.5p, giving the shares a prospective p/e of 17.4, high enough until the European

Delta hit by US cable problems ticularly for making enzymes that genetic researchers use to determine DNA sequences. It

Delta faces another year of

swings and roundabouts as

sion in continental mar-

kets is expected to halt the record run in engineering and offset any gains from recovery in the UK and US. The pound's devaluation should belp It would bave heen debt exports from the UK as well as providing gains in translation this year. Restructuring costs should also be lower this year. The balance sheet is comfort-

COMMENT

able and an acquisition would certainly liven up views on the company, which has come to seen as solid and unexciting. A pre-tax profit forecast of £57m gives a prospective p/e of nearly 18 times after yesterday's 9p rise in the sbare price to 444p. This looks about right,

bearing in mind the continental impediment to a proper recovery in group profits.

printing next month.

COMMENT

per cent).

The group ended the year

with net borrowings of £26m

and gearing of 29 per cent (30

Watmoughs bas beeo investing

beavily in its future. lo the

three years to December 1993 it

will have spent £58m oo capital

investment lo the UK and

£46m in Spain and Hungary.

The Madrid plant will begin

with three titles, the group's

recently ecquired Hungarlan

contributlog profits and,

helped by a weak pound, the group is winning business back

from the Continect. Meanwhile

in the UK it has won new

orders for substantial retail

catalogues and says it detects a

upturn in the newspaper sup-

plement and magazine mar-

kets. But even witbout a recov-

ery, profits should grow to

about £14.2m this year produc-

ing earnings of some 30p per

share. The stock has been clim-

bing since last aummer and.

after gaining another 15p to

reach a new high of 620p yes-terday, is trading on a lofty

Aminex has increased its offer

for Tuskar Resources to 3 new

sbares for every 11 Tuskar.

This represents an increase of

due 1997

prospective p/e of 20.7.

Aminex/Tuskar

By Andrew Bolger

A DROP in spending on language training by large international companies restricted growth in 1992 at BPP Holdings, the education and training group.

However, pre-tax profits still increased from £6,39m to £7.08m thanks to a full-year contribution from acquisitions doring 1991. Sales rose from £42,4m to £48,7m. Linguarama, the language

training snbsidiary, encoun-tered increasingly difficult trading conditions. An excep-tional charge of £650,000 cov-ered redundancies and the closnre of laoguage schools in Japan and France.

Mr Richard Price, chairman said this reorganisation would result in e more competitive in 10 countries, although trading was likely to remain diffi-cult in Japan and continental Europe.

Operating profits from language training were £857,000 (£1.16m) on turnover of £17.4m (£18.3m). A breakdown of prof-Its and turnover showed publishing at £3.29m (£1.95m) on £14.3m (£9.53m), professional training at £2.47m (£1.88m) on £12.6m (£10.1m) and ecademic edocation at £306,000 (£484,000) on £4.36m (£4.42m).

Net cash et the year-end was £t0.2m (£6.7m). In splte of considering a number of candidates, BPP made no ecquisitions in 1992. Earnings per share fell from

17.3p to 16p, thanks mainly to an increased tax charge of £2.67m (£2.09m). The group said that given the cash-generative quality of the business, it had decided to increase the final dividend to 5.3p, giving a total for the year of 8p (6.9p).

Price rises in pipeline as Rugby edges up to £57.6m

By Andrew Taylor, Construction Correspondent

BUILDING MATERIAL price increases are starting to be forced through by producers according to Rugby Group. which supplies cement, joinery, steel and glass to the UK, European and US construction Industries.

Rugby's share price rose by 6 per cent yesterday, from 222p to 236p, after pre-tax profits edged ahead from £57.3m to £57.8m over 1992 despite deep recession in the UK construction industry.

Mr Peter Garr, managing director, said that there were clear indications that material producers believed the time was right to try to recover lost margins by pushing up prices. Increases announced at the

beginning of this year of up to 13 per cent by British Steel and per cent by Pilkington, the UK glass manufacturer, so far had held firm, be said.

"The closure of large manufacturing capacity means that supply and demand is coming back into line. With the prospect of revival in the housing market there appears to be a concerted attempt among manufacturers to make price rises Foreign manufacturers suf-

fering from sterling's devalua-In 1990 Amersham bought the US-based Medi-Physics tion were in no position to husiness for \$46m and sold its undercut price moves by Britclinical reagents business to Kodak for £84m. ish companies. In the case of glass, continental European manufacturers had followed Pilkington's lead and raised their own prices by a similar amount according to Mr Carr.

Rugby Group Share price (pence)

1989 90 91

He said that steel, glass, plasterboard, timber and other product price price rises could increase UK building material bills by up to 6 per cent this year. This could be damaging for contractors and sub-contractors which had taken on fixed-price construction contracts at little or no profit mar-

Rugby, Britain's third largest cement manufacturer with and timber for Ita constructional steel, steel reinforcement and joinery husinesses. Cement prices, unlike those for other building materials, have seen small rises during reces-

was offset by a 41 per cent increase in overseas profits from £16.6m to £23.4m, International profits were helped by the devaluation of sterling. A 7 per cent increase in Australian dollar profits, for exam-

aterling at year-end exchange rates. UK cement profits fell 12 per cent to £16.8m following a 5 per fall ln volume sales. Rugby said that it expected sales to

the current year.
Interest received rose from £4.43m to £4.82m and helped maintain earnings per ahare at 13.1p. An unchanged final dividend of 3.6p holds the total for

the year at 6.45p.

about 20 per cent of the market, needs to buy steel, glass sion but have not heen increased this year.
A 15 per cent fall in UK trad-

ing profits to £29.4m (£34.8m)

ple, became a 20 per cent gain

. - 5 :

decline by a similar amount in

• COMMENT

Currency translations had a mixed effect on Rnghy's results, enhancing the sterling profits of overseas operations but depressing hy £17m the value of cash reserves which during the year fell from £24m to £12m. Devaluation will reduce the amount of interest receivable in the current year offsetting further trading improvements in Australia and the US. As a result profits seem likely to sbow little change. Rugby is a well managed group, with a strong bal-ance sheet and adequate dividend cover, which has shown itself capable of funding necessary capital expenditure out of cashflow. A prospective ple of 18 on maintained earnings, bowever, suggests that these virtues have been recognised in the share price.

DAP gives lift to Wassall

By Roland Rudd

WASSALL, the minlconglomerate run by former Hanson executives, reported a 73 per cent increase in pre-tax profits for the year to December 31 after a first full 12 month contribution from DAP, a US supplier of DIY products. Profits rose from £10.3m to £17.8m on increased sales of

£251.1m (£165.2m). DAP, which was acquired in August 1991, contributed £8.9m to operating profit of £20.6m. Margins increased from 5 to 8 per cent, just below the group's

average of 8.2. The US company's diverse product range was rationalised, leading to the eliminatioo of 500 stock-keeping nnits, accounting for \$10m (£7m) of es. This was more than recouped by aggressive mar-keting of DAP's more profitable products.

The number of plants is being slimmed down from 9 to 7, which Wassall expects to lead to more opportunities to increase margins.

With the conglomerate's

other husinesses reporting a 17 per cent increase in operating profits from £10m to £11.7m. Mr Chris Miller, chief executive, believes he is under no pressure to make another take-

However, be said: "People invest in us to do deals and we are already looking at various opportunities."

In the light of its failed bid for Evode, the chemicals and plastic group, Mr Miller said: "We have learnt the lessons that there will always be a big risk of a white knight wheo targeting a good company."

Laporte, tha chemicals group, won the battle for Evode earlier this year, easily outbidding Wassall with a recommended £129.4m bld. Wassall covered the costs of its bid in Evode for £1m.

Consumer products, which includes DAP, reported operat-ing profits of £10.5m (£3.99m); Closures, the bottle top maker, made £9.3m (£8m), and industrial and commercial activities turned in £900,000 (£800,000). Earnings per share increased

to 10p (8.7p). The final dividend rises to 1.7p making an increased total of 2.5p (2p). COMMENT

Good companies

rock-bottom prices are hard to find, which is wby some conglomerates may turn out to be bigger sellers than buyers this year. Not so Wassall. After failing to win its hotly contested bid for Evode, it is back on the takeover trail. The next target is more likely to ba private than publicly quoted. This is partly because Wassall does not want to find itself in a bidding war and partly because private companies like doing business with people who have cash. With interest rates at record lows on both sides of the Atlantic there are not many arguments in favour of keeping £31m io the hank. With forecast eernings of £25.5m the shares are on a prospective multiple of 20.7. As long as it can find another acquisition which can repeat DAP's success, lts bigb rating continues to he justified.

Abbott Mead slips 6% to £4.7m

By Gery Mead, Merketing Correspondent

ABBOTT MEAD VICKERS, the advertising group, yesterday exceeded analysts' expectations hy turning in pre-tax profits 6 per cent lower et £4.72m for the year to December 31, on turnover up 5.6 per cent at £167.8m.

Operating profits were up by 5 per cent et £4.45m (£4.24m), and a recommended final dividend of 6.3p makes a total of

9.3p (8.4p), payable from earnings of 18.71p (22.09p) per

Operating margins were down slightly at 15.5 per ceot (16.6 per cent). The group ended the year with no debts. and net assets of £10.1m. The advertising egencies

within the group gained £50m in new business through 1992. including significant accounts sucb as Seat, Adidas, Gillette and Cellnet.

The group said that three

small companies which the group started in 1992, in sales promotions and investor rela-tions, would be in profit this year, and that its purchase of some of Clarke Hooper Communications - which went into receivership in late 1992 - was already showing

profits. Staff levels reached 391 (352) last year, but income per employee levels were almost stable, et £73,701 for 1992, against £74,691 in 1991.

3

9

WOOLWICH -BUILDING SOCIETY-

£250,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 11th June, 1993 has been fixed at 5.99219% per annum. The interest accruing for such three month period will be £151.04 per £10,000 Bearer Note, and £1,510.36 per £100,000 Bearer Note, on 11th June, 1993 against presentation of Coupon



11th March, 1993

Ageni Bank

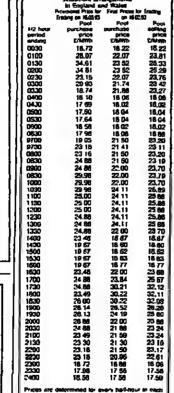
LATIN AMERICAN FINANCE AND INVESTMENT SURVEY

On the 29th March 1993 the Financial Times will once again publish an up-dated survey that will take an in-depth look at finance and investment across a region that continues to excite interest amongst international investors.

The survey is timed to coincide with the opening of the Inter-American Development Bank meeting in Hamhurg at which copies will be distributed to delegates. To advertise within this survey contact Paul Maraviglia Tel: 071-873 3447

Fax: 071-873 3595 or your usual FT representative

FT SURVEYS





50 per cent on the original hid. made on February 15. Caisse Nationale des Télécommunications FF 2,000,000,000 Floating Rate Bonds Notice is hereby given that for the Interest Period 15th March, 1993 to 15th June, 1993 the Bonds will carry a Rate of Interest of 11.14453 per cent. per annum. with a Coupon amount of FF 284.80 per FF 10,000 Bond and FF 2,848.05 per FF 100,000 Bond. The relevant Interest Payment Date will be Bankers Trust Company, London Agent Bank

Appointments Advertising appears every

Wednesday & Thursday Friday (International edition only)

CANON INC

Advice has been received from lokyo final the 92nd Ordinary General Meeting at Shareholdes of the Company will be held at the Head Office of the Company 30-2 Shimomarulia 3-Chame, Ohta-Ku, Tokyo, of 9a.m. on Tuesday, 30th March 1933.

Matters to beReported Report on the business report, bolonce sheet and statement of income and retained earnings for the 92nd business term (From January 1st, 1992 to December 31st, 1992).

Matters to be Resolved

Approval of the profit appropriation plan for the 92nd business term.

Bection of three Statutory Auditor Granting of retirement allowance to Directors and statutory Auditor to be retired.

Holders of Depositiony Receipts of Becare (EDR's and BDR's) wishing to exercise ineir volting rights in respect of the Sharks represented by the Receipts held by them are reminded that, in accordance with Clause 8 of the Conditions, they must lodge their Receipts with Hill Samuel Bank Limited by 3p m. 23 at March 1993, or with one of the sub-apents by 3p m. 10th the sub-agents by 3p m, 19th March 1993, where lodgement forms one avoidate. Voting Rights may only be assertised in respect of Depostrary Receipts representing Oxionary thores on the register as at 31st December 1992. Copies of the full text of the Notice convening the meeting are available if required.

Hill Samuel Bank Limited, 45 Beech Street. London EC2P 2LX.

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SGS Société Générale de Surveillance Holding SA

8, rue des Alpes CH-1211 Geneva 1

Offer of exchange of Bons de Jouissance category A for bearer shares. 1993 Annual General Meeting

Holders of Bons de Jouissance are reminded thet the offer of exchange of Bons de Jouissance category A for bearer ahares proposed at the Annual General Meeting held on May 14, 1992 expires on

Friday, May 28, 1993

Pursuant to the tarms of the offer (the conditions of which were published on May 15. 1992 and which may be obtained from the Company or from the following banks: Union Bank of Switzerland, Pictet et Cie, Bordier at Cie, Bank Julius Baer and Co Ltd, Bank Sarasin and Co, Bank J. Vontobel and Co Ltd) 6 Bons de Jouissance cetegory A, without per value and with coupon Nos 14 and above attachad, may be exchanged, free of charga, for 5 bearer shares of SF 100 par value having a right to dividand for the 1992 financial year and thereafter. The Annual General Meeting of SGS Société Générale de Surveillance Holding SA

Wednesday, June 9, 1993

et the Hotel Noge-Hilton, quai du Mont-Bianc 19, Geneva. In accordance with the provisions of article 11, paragraph 3, of the Articles of Incorporetion, shareholders representing shares with an eggregate par value of no less than one million Swiss francs may request the inclusion of an item on the agenda provided such request is made in writing to the Company prior to Friday. April 30, 1993.

Ganeva, March 10, 1993

SGS Société Générale de Surveillance Holding SA On behalf of the Board of Directors The Chairman:

Elisabeth SALINA AMORINI

CONTRACT ELECTRONICS MANUFACTURE

Tuesday March 16 1993

A rapidly rising proportion of electronic equipment is now manufactured on behalf of the big international suppliers by outside contractors. Paul Taylor probes the reasons for the emergence of this expanding force within one of the world's predominant industries

Farewell to sweat-shops

manufacturing (CEM) has become the fastest growing sector of the European electronics industry and is oo target to become a \$22bn global business by the mid-1990s.

The state of the s

-r irah,

assail

inveltance

category A

In the UK a group of dedicated contract electronics manufacturers have successfully shaken off the second-rate "sweat-shop" image of sub-contract and assembly work in the 1960s by investing heavily in advanced production and test equipment, training and quality processes.

Today their hig customers are hioe chip multinationals such as IBM, Sony, Bosch, Motorola, AEG, and Matsushita which require fast response times, flexibility and first class quality, as well as cost-effective manufacturing. These companies are using contract manufacturers as part of their global strategies to maintain and Improve International

From bumble beginnings the UK industry has entered what Mr Bruce Armstrong, manag-ing director of SCI Europe, describes as its third phase strategic global partnerships between OEMs and contract manufacturers which can provide full turnkey services from design and printed circuit board layout, through to prod-

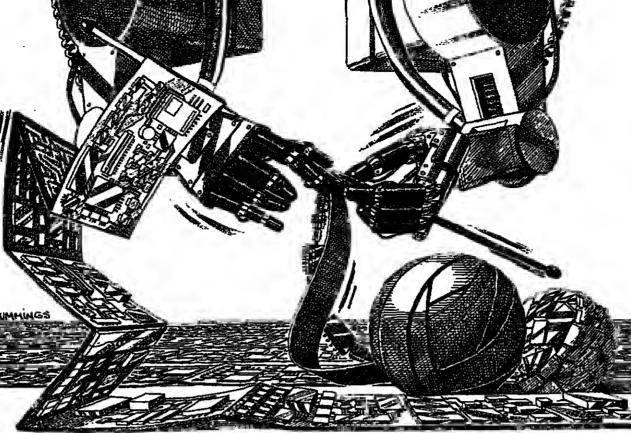
A handful of factors have fuelled the growth in CEM over the past decade, in partic-

change has resulted in shortened product life cycles requiring increased manufacturing flexibility and worldwide manufacturing capability. In order to remain competitive in fast moving consumer-led markets companies have had to reduce the period it takes to briog new products to market.

At the same time electronic controls are replacing electro-mechanical devices in many consumer products such as cars and medical equipment whose manufacturers have little or no electronics manufacturing experience or capacity.

Meanwhile, the continuing push for smaller, more portable hut more sophisticated products such as mobile phones and notebook computers requires greater slilcon integration and results in more complex devices. These are best manufactured using advanced techniques for placing components on printed circnit boards such as surface mount technology which require expensive specialist machinery and expertise to design, assemble and test and which involve considerable "manufacturing risk" because of market volatility. The trend towards CEM also

mirrors the move towards buying in a wide range of service and other peripheral corporate functions, backed by the management theory that organisa-tinns should focus nn their



tract out every thing else creating what some observers have called "the virtual corpo-

forced some managements to reconsider the "make or huy" decision. But generally, although contract manufacturing can result in cost savings, most participants argue this should not he the primary motivation.

The arrival of the single European market has encouraged many Japanese and other original equipment manufacturers (OEMs) to set up locally in Europe. As MHM, a market research organisation based in Ayr, Scotland, noted in its latest study of the European CEM market, business from these companies "has fuelled spectacular expansion in at least one CEM house".

MHM describes the growth of

companies in the UK, SCI, Race, Avex, AB, Philips, Welwyn and Timex, grew hy an average 42 per ceot per year between 1984 and 1990.

Growth has slowed considerahly since then, lo part reflecting the recession and the sharp price war in the computer and IT sector which accounts for a still large, but declining, proportion of the CEM industry order book - a trend which has been partly offset by increased demand from new customers in the automotive, telecommunica-

tions and industrial sectors. According to the Association of Contract Electronics Mannfacturers (ACeM), part of the Electronic Components Industry Federation (ECIF), formed in 1990 to provide a voice for the emerging industry, the overall UK market was worth about £550m last year, and is

ACeM membership oow totals 48 contractors representing 70-80 per cent of the UK CEM industry which, despite heing capital intensive, employs around 10,000 people.

"Rapid growth over the last 10 years has resulted in a fragmented industry expanding on the back of a rapidly expanding electronics industry," said Mr Eric Luckwell, chairman of Datalink Services, a small Loughborough-hased CEM, in a study of the UK market.
"The capability of these

organisations ranges from the very high volume and complex technological process, such as surface mount technology and automatic component insertion, to the very low volume and simple lahour intensive processes," he said.

Mr Derek Duffett, ACeM director, groups the UK CEM market into four groups.

Large companies dedicated to contract electronics include the UK market in the 1980s as growing at an underlying to contract electronics include "spectacular". The turnover of annual rate of 10-15 per cent. SCI and Avex, Scottish subsid-

also multinationals in their own right and whose main business is high volume, low

margin work for hig OEMs. Their particular strengths are their capacity, sophisticated automated manufactur-ing systems, substantial component purchasing power and worldwide facilities. "Our customers are global, so are we," says Carol Brannigan, Avex Electronic's European sales and marketing director and chairman of ACeM's Promotions Committee.

"European customers and global companies operating in Europe are telling us they need total product life cycle managemeot services not just PCB assembly and test," she says. In response hig CEMs are bullding what she calls "a transparent or seamless partnership" linking CEM and customer using electronic data interchange (EDI), integrated MRP (Materials Requirement Planning) systems, CAD/CAM design systems and electronic

• Medinm-sized dedicated CEMs are the second group. These generally maintain close links with OEM design houses working in specialist applications areas, such as the indus-trial and professional markets. Almost half of ACeM's membership falls into this category with most companies employ ing between 100 and 500 people. They include Welwyn Systems the contract electronics subsidiary of the TT Group which also acquired AB Cootract Electronics last year, and Race

 Small start-np companies, the third group, emphasise their flexibility and personallsed service, particularly to eotrepreceurial husinesses which may want prototypes huilt and tested or require low to medium manufacturing vol-

• The in-house contracting departments of original equipment manufacturers. These units have been created to fill spare capacity or diversify into include Philips Circuit assemblies and Rank-Xerox Manufacturing Services. These companies often have access to specialised environmental and test equipment in design and

failure analysis. Recently they have been joined by other OEMs with excess capacity which, together with the arrival io Europe of oew Far East competitors such as Flextronics, is causing concern in an industry which arguably already has excess capacity and thin mar-

"Presently the CEM industry can stand the additional capacity better than many other mature electronics sectors, said the MHM report, "but this situatioo will oot continue indefinitely."

An industry shake-out and reorganisation is widely expected amid forecasts that the industry will become increasingly polarised between the high volume, low margin multinational CEMs, and the much smaller niche companies. Mr Gordon Stewart, UK

director of specialist manage-

ment consultants Pittiglio

IN THIS SURVEY

☐ Profiles: how Essex-based EDMS is achieving its corporate mission; Quantum, in South Wales, is an example of a successful management buy-out..... PAGE 2

Outside sourcing: in the past decade, manufacturers have increasingly concentrated on their core activities and farmed out more work to subcontractors. In Japan, most electronics production is now carried out in this

☐ Siticon Glen: James Buxton examines the considerable number of assembly plants established in Scotland by severat ot the world's leading electronics groups

Profile: How SCI, of Huntsville, Alabama, a worldwide iT equipment supplier grew out of the American space programme.....PAGE 4 ☐ Changing technology: Paul Taylor explains the evolution of circuit board manufacturing methods and offers a glossary of some of the industry's most common

terms.....

Rahin Todd & McGrath, told an ACeM conference in October that the dominant feature of the CEM industry in the 1990s will be the performance gap betweeo an emergiog superleague of multinational manufacturers and a horde of iocreasingly marginalised smaller competitors.

Because the UK market is maturing most of the large CEMs are adopting the twin strategies of trying to win back husiness which has gone offsbore, particularly to the Far East, while also expanding overseas themselves.

Armed with internationally accepted quality assurance standards and total quality management programmes the UK's leading CEMs have been stressing the importance of looking at total costs - including loss of flexibility and transport delays - in their attempts to win back offsbore husiness, and have been having some ☐ Continued on page 3

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CONTRACT ELECTRONICS MANUFACTURE 2

■ Profile: Electronics Design and Manufacturing Services

Targets are being achieved

electro-mechanical controls

and incorporating sophisti-

Since they lack the capital

cated electrouics into their

equipment or in-house elec-

tronics expertise, they repre-

sent a prime opportunity for

innovative contract electronics

manufacturers whose design engineers can work with them

and produce electronic controls

based on the latest surface

Mr Reid sees "a big growth opportunity" for companies

whose core business relies on

using SMT. Companies moving

from mechanical to electronic

SMT", he says.

controls "are going straight to

These days EDMS can pro-

vide customers with a cad/cam

service to lay out cards using

the latest surface mount techuology. It also has a product

engineer who spends oue or

two days a week with custom-

ers helping to design products

to ensure that when it comes

to manufacturing, "we have

mount technology (SMT).

products for the first time.

A STATEMENT hangs on the reception wall of Electronics Design and Manufacturing Services' purpose-built headquarters at Maldon, Essex.

It says simply: "Our aim is to establish EDMS as a significant force in contract manufacturing, primarily focusing on the needs of multi-technology based companies. We will achieve this hy providing a quality manufacturing facility, with a professionally minded, technically capable workforce, and by developing a Partnership in Production' with all our customers and suppliers."

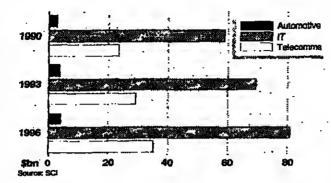
EDMS appears to be well on the way to achieving its primary objectives. The company was originally a department within Industrial Control Services, supplying circuit boards for the UK-based international electronic safety systems group which obtained a Stock Exchange listing last year.

But it became a separate, fully owned ICS subsidiary in 1986 and has since grown quickly, moving into its custom-huilt 20,000 sq ft factory in 1990. Today, according to Mr John Reid, EDMS's managing director, only 10-15 per cent of its husiness comes from the

parent company.

Although EDMS made a small operating loss in the year to May 31 last year, it has moved back into profit since then. In the first half it made an operating profit and should be profitable at the pre-tax level in the current second half, says Mr Andrew Leeser, group financial director. Contract manufacturing is, it seems, recession proof in terms

Key market growth



of volume, but not in terms of

margins. EDMS's volumes have doubled in two years from £5m to £10m-£12m this year, reflecting growing interest in contract electronics in its prime com-puting, industrial, telecommunications, medical and consumer electronics markets.

Its customer base includes companies such as Acorn (EDMS produces motherboards for Acorn's educational computers), Reuters, Unicam and British Telecom. It exports its products throughout the UK and Europe where it distributes directly to Reuter's cus-

EDMS is a principally a niche player producing "specialised products in (relatively) small volumes," says Mr Reld. The service spans the range from prototype and small batch fast-turn around projects to medium volume production.

In particular, EDMS has targeted consumer goods manufacturers who are replacing Mr Reid, who is due to

become chairman of the Association of Contract Electronics manufacturers at this month's Nepcon exhibition in Birmingham, calls this process "design for manufacturing" or "cost

engineering". EDMS is now working with three of its customers on new products from design to manufacturing using its fully computerised cad/cam system to support printed circuit board layout. One product is a spectrometer designed in conjunction with a customer which has transferred all its PCB

husiness to EDMS. EDMS is also working with a computer product design house manufacturing a product to its design for the European mar-ket in direct competition with

Far East imports. To reinforce the "partner-ship" between EDMS and its customers a programmes engi-

An offshoot of ICS, it now takes only 10-15% of its business from its parent company

neer is appointed to each new customer and retains full responsibility for that contract including Its commercial, financial, technical and administrative aspects.

The recent rapid growth in the husiness means that EDMS has already outgrown its beadquarters building which bouses the company's £500,000 investment in fully automated in-line surface mount capabil-

ity using Dynapert and Mydata equipment, together with comprehensive in-circuit, functional and temperature stress

Unlike big companies which need high volumes to support their beavy capital investment, EDMS's contract volumes are much smaller, but nevertheless often involve highly complex mixed technology boards. So EDMS uses slower, more flexible surface mount machines capable of handling a wide range of components together with a highly skilled workforce which can undertake hand assembly where required.

A second 7,000 sq ft huilding which is being renovated will be used for EDMS's growing board upgrade and repair service and, at the end of last mouth, the company moved into a third Maldon manufacturing unit dedicated to building complete systems.

EDMS has spent £300,000 on the latest surface mount and test equipment for the 20,000 sq ft factory which will create jobs for 85 people in addition to the 150 already employed by the company. All three facili-ties are linked and controlled by a computer network which controls all procurement, man-

ufacturing and finance. EDMS chose its location carefully. In the early days of contract manufacturing most customers supplied all the components on a "consign-ment" basis. It was therefore important to site the manufacturing facilities close to the original equipment manufacturers (OEMs) to minimise transport costs.

However, these days most customers rely upon the cou-tract manufacturer to provide a full service including procurement.Physical location has become much less significant particularly since most paperwork, and even design work, can be handled electronically using electronic data interchange (edi) systems.

Another distinctive leature of today's UK-based contract manufacturers is their commitment to quality standards. For example, all EDMS operations are governed by a companywide quality management programme and all stages of administration, manufacture and testing are audited to internationally recognised quality standards.

EDMS is also working to maintain a high level of customer service. It has opened an office in Crangemouth, Scotland, to support its developing customer base in Scotland and Ireland. In addition, it has launched a sales drive to find business in new niche markets in continental Europe.

Mr Reid is very optimistic about the future. "Britain is the centre in Europe for con-tract manufacture," he says, and be is determined that EDMS will play a significant role in the development of European CEM



Profile: Quantum Electronics Manufacturing

Born with a silver spoon in its mouth

QUANTUM Blectrouics an industrial silver spoon in its mouth.

Formed in January last year after a management buyont from Mitel Telecom, it inherited a purpose-built electronics plant in South Wales, the latest manufacturing equipment and a skilled and dedicated workforce used to high quality customer-driven manufactur

The huyout, hacked with £1.2m investment from 3i, the Welsb Development Agency, Mitel and the Bank of Wales, was organised by a group of managers who bad successfully reorganised Mitel Telecom's operations in Portskewett. South Wales, following its acquisition by BT.

The Mitel reorganisation released space for the plant, considerable equipment and

Initially in March 1990 the managers, led by Dr Terry Summers, the plant's materials director, won the backing of Mitel to establish a sub-contract manufacturing operation using the plant's surplus The new manufacturing

operation concentrated on low volume high technology contracts emphasising responsive-ness to its customers. But the husiness required more capital investment and management time than Mitel could spare, so the management buy-out was start of last year. Since then Quantum's work-

force has grown from 39 to more than 60, turnover is running at an annual rate of £4m and, despite the recession, the young company is already trading profitably. "We are growing by the day," says Dr Summers, who is now Quane development of tum's managing director.

Recently 3i, Mitel and British
Coal Enterprise backed a

200,000 capital increase to

Terry Sun era: conducting a

upport further growth. Its customers include National Transcommunications. Inmos, the chip mann-facturer, Research Machines, Encrypta, Thermocouple instruments and Rediffusion Simulation.

Altogether the company has between 15 and 20 customers who mostly require low to medium volume contract manufacturing using leading edge technology, sopbisticated test equipment and advanced computer based manufacturing systems organised on a cellular basis.

Like many other smaller players in the contract manufacturing husiness Quantum is a niche player, mostly serving customers in the business, industrial and professional sectors. None of its customers manufactures the assemblies which Quantum makes. "We are their manufacturing department," says Summers. Although Quantum does not

design for its customers it does like its project engineers to be involved at the design stage to help ensure that the design is compatible with high quality and low cost antomated manufacturing.

It also prefers to buy the components because Dr Sum-

more control over quality and its customers are usually bappy because "more and more they are getting out of manufacturing".

Production is organised on a cellular rather than production line basis and capabilities include conventional hand assembly, automated assembly using plated-through-bole (PTH) compouents, surface mount technology (SMT), mixed technology and electromechanical assemblies.

Most contracts are in the 1,000-3,000 board range with values of between £500,000 and £1m although Quautum does some high tech, low volume work with contracts valned at as little as £100,000.

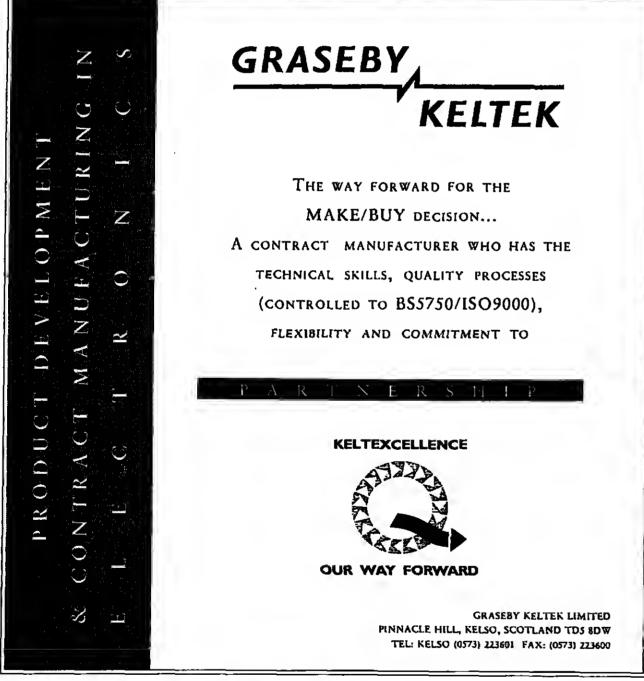
Where Dr Summers believes Quantum scores over some of its larger rivals is in being able to provide customers with a bighly flexible personalised service using leading edge chnology such as SMT normally only associated with bigger companies". It can also bandle extremely complex

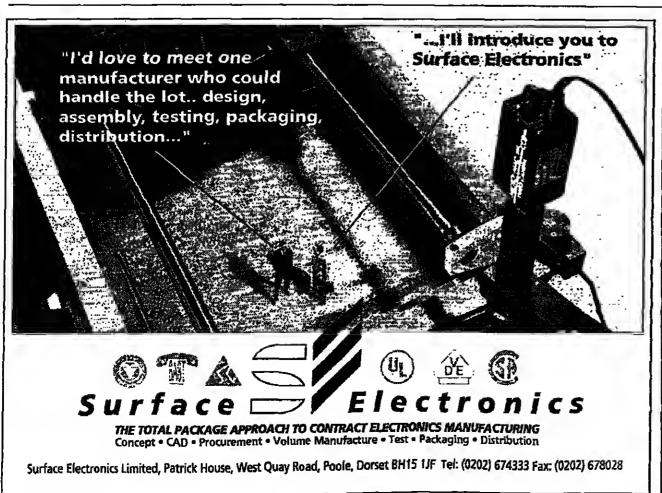
"Quantum's roots in an luternational electronics corporation gives us a unique insight into the needs of the ludustry," Dr Summers declares in the company's sales literature.

*Our track record in the application of the most advanced manufacturing techniques will give you the petitive edge you need."

He also believes Quantum's niche business is more secure aud less risky than that of many of the larger players. He argues, for example, that because volumes are low there is little incentive for customers to consider going offshore with their husiness. "They need people in the UK," he

Paul Taylor





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Partnership in an age of technical complexity

manufactnrers in the West grew rapidly over the past as managements reassessed their corporate strate-

As a result many companies decided to concentrate on their core activities and turn other functions, including manufacturing, over to specialist con-

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This reassessment was often prompted by the need to remain competitive in an increasingly global marketplace. It also highlighted other concepts such as total quality management and just-in-time inventory control which contribute to the success of Japanese companies.

Contracting out of manufac turing and assembly is well established in Japan. Recent research at Tokyo University suggests that it now accounts for over a third of Japanese cumpanies' total manufacturing costs and will increase to over 40 per cent by the end of the decade. In the 1960s it was less than 20 per cent.

Most Japanese companies farm out manufacturing in the belief that specialists can offer better quality and efficiency. It may also help them to cut costs, scale down capital spending and concentrate on what they are really good at -market research, product defi-

☐ Continued from page 1

less important.

success. They are also helped

hy the increasingly capital

intensive nature of the busi-

ness, which means that labour

cost differentials are growing

However, they are handi-

capped by the prevailing duty

and tariff structure which pro-

vides a significant incentive to

import printed circuit boards or fully built equipment, which

are mostly subject to a 4.5 per

cent tariff, rather than semi-

conductors and other compo-

nents which are generally sub-

keting and sales.

According to a survey by MHM, a market research organisation based in Ayr. Scotland, about 35 per cent of European contract electronics customers had no electronics assembly operations of their

There are many reasons why manufacturers use contract manufacturers and cost is not always the principal one. Some studies in the US suggest that managements who use sub-

Managements that use subcontractors only to cut costs and jobs often end up by regretting it

contractors principally to cut overheads and jobs end up regretting the decision. Most management consultants argue that contract manufacturing should form part of an overall strategy to improve

quality and competitiveness by delivering the right products to market at the right time and the right price. The basis of total quality the-

ory is to identify, and be responsive to, the customer, produce a top quality product first time, and work to improve quality all the time. A partner-ship with a contract manufac-

ject to a 14 per cent tariff. The

ACeM has begun to campaign

for a more even playing field,

arguing that a tariff change

could help generate thousands

of manufacturing jobs in the

have begun to establish foot-

holds on the continent. The UK

more developed than most of

CEM market is considerably

its European counter parts.

The Germany market in partic-

ular is expected to grow rap-

idly and, together with France,

is attracting attention.

At the same time some CEMs

From humble beginnings

turer can help achieve these

In any case, within the electronics industry the days are gone when OEMs can do everything themselves in order to retain most of the added value. Already most components are bought in and, since they are now so complex, the bulk of the cost of an assembled printed circuit board (PCB) lies

in the components it carries. As competition in the global electronics industry has grown the competent handling of these components, some of which may cost hundreds of pounds, has become crucial if a company is to maintain its profit margins.

"The diversification of disciplines and expertise in modern electronics is driving companies to reassess their core function and raison d'être for heing in the business," says Mr Derek Duffett, director of the Association of Contract Electronics manufacturers (ACeM).

"The 80:20 rule applies to many aspects of business, be it range of products, or range of activities; in other words only 20 per cent of products or activities produce 80 per cent of the profit," he adds.

Today companies, particularly large multinationals, are increasingly aware of the significance of both direct and indirect costs. Contracting out

Overall the European CEM

market is reckoned to be worth

about \$6bn - which still leaves

OEMs undertaking the vast

majority of electronics manu-

facturing in-house. Despite

their growth contract manufac-

turers have still only captured

a fraction of the potential

Arguably, of all the changes

in the electronics industry over

the past decade, the one that

has gone most unnoticed, has

been the emergence of quality

contract electronics manufac-

manufacturing frees capital to invest in core activities and enables the management to concentrate on kcy areas which will help to maintain a competitive edge.

In addition the advent of capital intensive processes such as surface mount technology (SMT) has encouraged many OEMs, particularly those outside the electronics industry, to leave such specialist activity to contract electronics manufacturers.

Electronic controls are replacing older electro-mechanical controls in many areas includ-ing automotive design, medical systems and a wide range of consumer goods such as washing machines. However many manufacturers cannot justify the cost of SMT or other automated manufacturing equip-ment which would stand idle much of the time.

Similarly the use of a contract manufacturer can remove the need to recruit and train expensive specialist staff. The contract manufacturer's employees represent a pool of dedicated technical and production expertise which is avallable to the customer. Indeed most contract manufacturers now offer a full range of services to their clients including, if required, PCB design, layout, manufacture and test-

However greater flexibility and speed of response are probably the most important advantage of using contract electronics manufacturers. Most contract manufacturers have the capacity and flexible workforce to start production very quickly to meet an unexpected surge in demand. A striking characteristic of

today's electronics and computer markets is the shortening of product life cycles - in some parts of the computer industry they have shrunk to as little as six months and OEMs need to move quickly from one product and technology to the next. Contract manufacturing can

help to ensure this fast turers. That is now changing. | response and lessen the risk



ssociated with manufacturing

and holding inventory. Contractors can also work with a customer to reduce costs during a product life cycle. Other potential advantages include economies of scale in component purchasing and the use of sophisticated computerised automated manufacturing and test sys tems to improve quality and provide "fust-in-time" deliveries. Most contract manufacturers have embraced total quality programmes, and obtained certifi-

Sometimes there are significant cost advantages to using a contract electronics manufacturer. However, cost comparisons need to be approached carefully. Often the true costs of in-house manufacturing operations are obscured, for example by shared corporate functions, in addition, comparisons between CEMs in different parts of the world can be

On the basis of labour costs alone contract electronics man-

ufacturers in the Far East continue to have an advantage over their counterparts in Europe and North America. However the gap is narrowing and the use of increasingly automated equipment means that the cost of labour is often relatively insignificant Most European CEMs also

As machines develop, the wages gap between far eastern and western CEMs is narrowing

say that any cost advantage of manufacturing in the Far East can easily be offset by intangible costs such as delays in shipping and ioss of design

Indeed a number of PC manufacturers bave recently brought manufacturing back from Far East contractors, ICL, for example, stopped buying its systems from Acer, one of Taiwan's biggest OEM suppliers, following s feasibility study by consultants KPMG. The machines are manufactured by ICL at its plant in Ashton-under-Lyne.

ICL also acts as a contract manufacturer in the UK for Sun Microsystems of the US. It says that its decision to bring manufacturing back from the Far East was based partly on increasing volumes and partly because the market was chang-

It found that the benefits of Far Eastern cheap labour were being out-weighed by the disadvantages - higher import duties, reconfiguration on arrival, the logistics of product being at sea for six weeks, arms length quality and tecbnology changes leading to obsolete stock.

Mr Gordon Stewart of consultants Pittiglio Rabin Todd and McGrath argues that the demands placed on contract manufacturers have changed. Two issues are shaping the future of contract electronics manufacturing; volume flexibility and design integration."

He says that price and quality are a given. "The keys to competitiveness now are responsiveness - lead times, volumes - and the capacity to integrate manufacturing and test processes into an OEM's own product development strategy.

But at an ACeM conference last year he also cautiooed that many contract manufacturers fell a long way short of these expectations and only got by because few OEMs could manage a contractor relationship professionally.

Mr Duffett, the ACeM's director, acknowledges that for many managers, who are used to in-house manufacturing using bought-in piece parts, farming out work with independent CEMs represents a significant change of practice, calling for a radically new buyer/supplier relationship.

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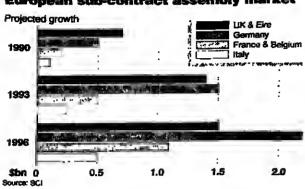
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ACEM MEMBER

Sharetree

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Eight years later, in August 1977. SC1 huilt the plated-wire memories for the bighly successful Voyager 2 spacecraft whose systems were still oper-

motherboard. SCI also manufactured the Sinclair-designed

hecome a Fortune 500 com-

probably the most northerly outpost of Scotland's contract electronics manufacturing Industry. Allgood Technology, at Fnyers near inverness, uses surface mount technology to produce high value populated printed circuit boards (PCBs) in low volumes. It was founded three years ago by

A LITTLE plant on the shores of Loch

Ness that employs just six people is

Mr Peter Allgood, a digital engineer who took voluntary redundancy from BT at the age of 30 and moved to the Highlaods from Birmingham in search of a better quality of life. The company now has turnover of £120,000 and is producing boards for products such as professional audio equipment

Allgood Technology is at one end of the spectrum of the Scottish electrooics industry, which employs 45,000 people, and which in 1991 accounted for 13 per cent of Scotland's employment in manufacturing and 21 per cent of its manufactured output.

The Scottish electronics industry is dominated by multinationals. It has original equipment manufacturers such as International Business Machines, employing 2,200 people making personal computers at Greenock, and Motorola, which produces both semiconductors and mobile telephone equipment at plants in East Kilhride and Easter Inch.

But there is also a large components sector, in which multinationals play the major role. In contract electronic manufacturing (CEM), Scotland has several of the largest operators in the UK - offshoots of Avex, SCI and Philips - and a number of smaller specialist producers. At the less sophisticated end of the electronics industry there are substantial husiJames Buxton takes a drive through Scotland's "Silicon Glen"

Tartan attractions

nesses employing many people in assembly and manufacturing.

It is a frequent source of complaint in Scotland that indigenous Scottishbased companies account for a very small part of the industry - only about three per cent in terms of employment - and, according to a 1991 survey hy Dr Ivan Turok of Strathclyde university, provide only 12 per cent of material inputs by value. This ignores the fact that most electronics plants in Scotland see themselves as part of a global or ECwide industry.

Avex, for example, at East Kilbride, works for eight of the world's largest electronics companies (though like most CEM companies it refuses to name them), supplying their plants in Scotland, the EC and the US. It employs about 1,000 people and can design components to order, as well as manufacturiog populated PCBs and assemble them into such things as telephones, personal computers and complex medical equipment.

In Dunfermline, Philips Circuit Assembly, part of the Dutch multinational, has a large plant producing populated PCBs for OEMs. About 50 per cent of its output goes to OEM plants in Scotland and about 35 per cent is exported. Mr Cliff Hargess, sales and marketing manager, says it has an advantage over other CEM companies because its surface mount

■ Profile: SCI of Huntsville, Alabama

technology line can work to "extra fine pitch." with the space between components being as little as 15,000th of an inch. Philips employs 600 people.

The other major CEM company in Scotland is SCI which has a plant at Irvine which employs about 800 people, increased by taking on several hundred temporary workers at busy times. (SCI is dealt with in more detail in the article below.) Another multinational CEM company is Timex Electronics in Dundee, currently rebuild-ing its workforce after dismissing all

Electronics employs 45,000 people and represents 13 per cent of Scottish manufacturing

Its 300 production workers after they refused a new pay and conditions

But multinationals are not the only key players in the Scottish CEM sector. A significant player is Keltek, part of the UK quoted Grasehy group. which is based at Kelso in the Borders. It has been operating for 20 years and occupies a specialised niche in the market.

"We offer a complete service from concept design to turnkey delivery for OEMs." says Mr Bob Wardlaw, marketing director. Keltek does CEM work for companies such as BT, Post Office Counters, BOC, Smiths Industries and British Gas. It has annual sales of about £13m and employs 200

Ms Carol Brannigan of Avex, who plays a leading role in the Association of Contract Electronics Manufacturers (ACeM), argues that Scotland's Siticon Glen, as it is called, has a strong infrastructure of suppliers and human skills. But she would like to see more component manufacturers come to widen the range of products available at short notice.

The picture of the Scottish electronics industry which emerges is one of close cooperation between OEMs and CEMs as well as component suppliers, many of which are only a handful of miles apart.

Avex works closely with Prestwick Holdings, a quoted Scottish manufac-turer of raw PCBs. Another important indigenous Scottish company in this field is Exacta at Selkirk.

The trend is for OEMs to subcontract increasing quantities of their work in order to hotd down their own overheads and let other companies bear the strain of ramping up and then perhaps running down their labour forces in response to demand. However, there are also signs that OEMs are beginning to use their facilities to do CEM work for others.

Digital, which makes PCs at Ayr, recently began assembling and testing microchips there for test houses and

for other manufacturers. In addition it will be using its recently installed £1.7m surface mount technology line to assemble modules for other manufacturers. Its subcontract work to date has so far been worth about £1m.

At the less sophisticated end of production. Scottish-based companies do considerable business in assembling personal computers and other PC components. Mimtec, an electronics manufacturer owned by Murray international Holdings, which is 88 per cent owned by Mr David Murray, one of Scotland's leading entrepreneurs. has for several years been assembling PCs for Scottish-hased OEMs such as IBM and Compaq.

Now, to meet the big increase in demand for IBM's PCs since it introduced a new range of products and slashed its prices. Mimtec is expected to huild a large, 400,000 square foot plant at Gourock, close to IBM's Greenock facility, for PC assembly, with IBM likely to be involved in financing tha £13m project.

In an unusual development the ranks of companies assembling PCs for IBM bave been joined by the transport group LEP International, which has for some time handled much of Greenock's distribution and has now started operating a PC assembly line.

Another important player in the Scottish electronics industry is Fullarton Fabrications, a subsidiary of the UK's Laird Group, which employs about 1,400 people in a network of plants at Irvine. Fullarton does sheetmetal work (building boxes for PCs and other computers) and assembles keyboards and other components. some of which are exported to Ireland, Brazil and the US.

ONE of the fruits of the US National Aeronautics and Space Administration (Nasa) programme in the 1960s was that it spawned a new generation of innovative electronics

Oue is SCI, founded in Alabama hy Oliu B King, a former Nasa engineer who hegan a three-man business manufacturing flight simulators for the moon shots in his basement in 1961.

King realised, however, that there was not much volume in 18 moon shots. So he diversified the company, initially called Space Craft Inc., iuto building a wide range of electronic systems under contract. By 1969, when the Apollo launch vehicle left the Kenn-

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edy Space centre launch pad, it was carrying more than 400 SCI-bnilt sub-systems providing vital instrumentation, communication and computer functions, including some in

Z88 computer.

pany in its own right. Today it

When the original IBM PC where it has plants in Singa-pore and Thailand. Last year, the publicly-quoted groop, which is still based at Hunts-

the lunar lander.

ating flawlessly more than a made its appearance in 1981 it came with a SCI-manufactured

despite the recession.

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ville, reported net income of

By the mid 1980s SCI had

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Creature from outer space SCI's major worldwide IT is one of the higgest and oldest customers in the year to June 30 last year included IBM, Seacontract electronics manufacturers employing about 9,500 gate Technology and Coucer Peripherals, which together people in 19 manofacturing plants worldwide, and serving mainly multinational customers in North America, Western Europe and South East Asia

accounted for almost half its total revenues. However, SCI is now a major diversified manufacturer for both the Government and commercial markets. It designs, manufactures, markets and services electronic products for OEM \$3.83m on revenues of \$1.05ho (original equipment manufacturers) customers in many Industries incloding the aerospace, telecommunications, medical and banking sectors.

> Its investment in electronics macofacturlog technology is enormous. Overall the group, which began to install surface mount technology (SMT) productioo lines io 1985, had 75 fully automated SMT assembly lines in operation hy mid 1992 together with 34 traditional lines osing the older PTH (plated-through-hole) technol-

The group is divided loto five geographic regions each turing components, sub-assem-hlies and finished prodocts for costomers, but also lucreasingly offering a full "turnkey" option including design, engioeering, purchasing, manufacturing, distribution and sup-

port services if required.
The growth of SCI's international operations, including those is Europe, directly reflects the increasing globali-sation of the world electronics industry. SCI followed its OEM customers overseas in order to maintain its global manufacturing relationships.
For example, SCI's European

region comprises two manufacturing facilities, one in Irvine, Scotland, and the other in Fermoy, County Cork,in the Irlsh Republic.

Both sites reflect the establishment of significant offshore manufacturing bases hy

gtobat OEMs over the past

decade. In Scotland, SCI followed customers such as IBM, Sun Micro systems and Mitsubishi which needed to establish operations in Europe and were attracted to the region hy

a range of incentives. Similarly the Fermoy plant, which employs 300 people, was set up in 1989 to provide electronic assemblies to Irish manufacturing operations of multi-



Computer which set up operations in Ireland as part of their global manufacturing strategies. "They all want to manufac-

ture close to the market because it gives flexibility," says Mr Bruce Armstrong, SCI senior vice president in charge

of the European division. SCI's size and dispersed operations are a significant advantage when dealing with large multinational OEMs because it can offer customers considerable flexibility. If a customer's markat or mannfacturing need changes hy location or demand, produc-tion can be switched to any

SCI plant in a matter of days... For example, a complete oew SMT line can be flown in from Huntsville and, says Armstrong, "be up and running within two weeks". Because modern contract manufactur-

TECHTELDEY

iug is capital lutensive the cost differential between different regions is not usually significant, "These days the cost is a given, but it is flexihility that counts," wheo it comes to holding on to custom-

ers, he says.

Nevertheless be accepts that the European plants have to he able to match the Far East on the hasis of "landed" or total contract price - including those costs which are often overlooked such as transport, inventory and other less tangihle Items such as delays and Inflexibility.

It is a measure of the success at Irvine in controlling overheads and other costs while providing flexibility that It has receotly succeeded in winning some contracts back from the Far East.

The 120,000 sq ft Scottish plaot was set up in 1984. mainly to supply IBM's Greenock PC operations. Today it employs ahout 800 people although, like most other large cootract electronics manpool of casual labour and the workforce is expanded by several hundred temporary workers at husy times.

Equipment at Irvine includes 12 Fuji SMT lines, each costing about \$1m, four Universal PTH lines and three system configuration lines. Currently 80 per cent of out-put is SMT, 15 per cent PTH and 5 per cent even newar technologies such as COB (chip on board). But by the turn of the ceotury Mr Armstrong expects the proportions to be 75 per cent, 10 per cent and 15 per cent respectively.

The product mix is also changing. Five years ago 90 per cent of production was for the IT industry. However the plant has broadened its customer base. IT now represents about 70 per cent, telecommunications 20 per cent and automotive 10 per cent with telecoms and the automotive sectors growing rapidly.

SCI has also expanded its range of services and increasingly sees itself as being in a beneficial partnership with its customers. Some costomers still only require a consign-

ment manufacturing service -they supply all the materials. However, Mr Armstrong says the "more enlightened" OEMs have long sioce moved towards much broader "turnkey" contracts where services can range from product engi-neering and design for manufacturing, through procurement, manufacturiog and testing to distribution.

SCI designs and manufactures some products completaly. For exampla, it designs and builds its own PCs. which are then badged hy two big computer companies. Mr Armstrong acknowledges that there is some temptation for SCI to widen its business and sell products under its own name. However, he adds, "in the end it's about doing what you are good at". And for SCI that is being expert at capital intensive, high technology, flexible contract manufac-

In order to maximise flexihility while minimising costs

SCI uses automated manufacturing systems and electronic data interchange (EDI) to provide sophisticated links with its customers and suppliers and to interconnect its own plants.

"The reason we are efficient is that each plant is a profit and loss centre. They have to make a profit," says Mr Armstroog. The two Enropean plants export 50 per cent of their production to continental Europe, and the percentage is rising so SCI is likely to huild a new plant in Europe soon, probably in France.

When any of its plants reaches full capacity SCI huilds another rather than expanding existing facilities. This is because it believes that overbeads increase quickly wheo a plant becomes too large. "Otherwise you become an OEM," says Mr Armstrong. "In our husicess small and medlum is beautiful."

Paul Taylor

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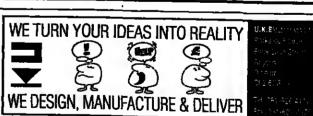
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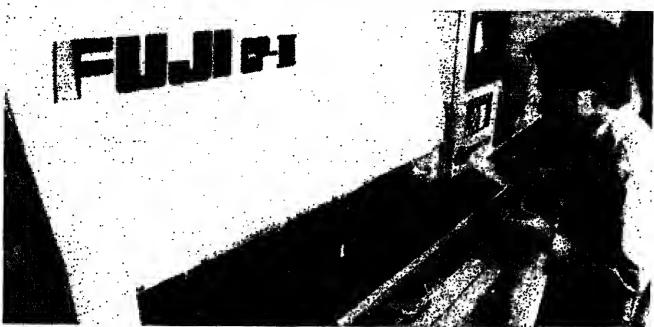
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made machine, at Avex, East Kilbride, places the surface mount on to the circuit

Paul Taylor keeps abreast of the bewildering changes in technology

A world built on silicon

OVER the past decada the electronics revolution has reached almost all industries enabling the development of a wide range of new consumer and business products and ser-

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The personal computer, fax machines, satellite television, mobile telephony, medical scanners, compact-disc players. anti-lock brakes and engine management systems for cars are among the many products which have been made possible by recent advances in semiconductor technology.

Even more sophisticated applications will soon emerge, including personal communica-tors, video-telephones, crash avoidance systems and car navigation aids. The pace of change is accelerating and silicon technology will continue to be the engine of change and

innovation. Higher-speed devices will be integrated and packed closer. in smaller, more complex and reliable packages which cost less. But to turn these basic building blocks into useful products requires very expensive speciallst machinery, expert knowledge and the application of the latest com-

puterised techniques. Many large companies whose core husiness is not primarily electronics will lack state-ofthe art equipment and expertise to take advantage of these

Others will focus on design and marketing rather than manufacture. In either case the opportunities for the specialist contract electronics manufacturer are substantial.

single factor the growth of contract electronics manufacturing has heen fuelled hy advances in technology - and hy the switch to SMT (surface mount technology) in particu-

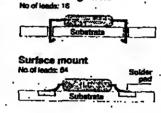
From the late 1950s, when transistors and printed circuit boards (PCBs) replaced valves, until the mid-1980s almost all PCBs ware assembled using conventional PIH/PTH (pin-inbole or plated-through-hole)

technology.
Individual components are inserted either by hand or automatically into plated holes in the circuit board and molten soldar is then forced up through the hole using a "wave" solder machine. When the solder dries lt attaches each component to the cir-

cuitry on the board. However, since the mid 1980s, SMT bas become increasingly popular. In SMT solder paste -- a putty-like mixture of minute solder halls

mixed with flux - is screen

Production methods Plated through hole



TERMINOLOGY • ASIC: Application Specific Integrated Circuit

COB: Chip on Board DIP: Dual in Line Package

 IC: Integrated Circuit
 MCM: Multi Chip Module PCB: Printed Circuit Board

• PIH/PTH: Pin-in-Hole/Plat QFP: Quad Flat Pack

SMT: Surface Mount Technology
SOIC: Small Outline

Bonding

Integrated Circuit • TAB: Tape Automated

printed on to circuit terminals or pads on the circuit board. The ICs (integrated circuits) and other miniature components are placed, or "onsetted", on to the solder paste using highly accurate automatic placement equipment. The solder paste is then melted or "reflowed" which creates the int between the component

and the circuit board. SMT has some significant advantages over the traditional method. These include smaller size, increased automation, lower production costs, better ability. However there are also

some disadvantages In particular, SMT "pick and place" equipment must be very accurate, requires skilled programming and is costly. A typical automated high volume SMT line costs around £1m, a significant barrier to antry in the contract manufacturing husiness and an incentive for OEMs to subcontract their

electronics manufacturing. Mr Derek Duffett, director of the Association of Contract electronics Manufacturers (ACeM), recently noted that the advent of SMT had raised the investment level needed to enter the business and was one of the major reasons for the trend towards contract alec-

tronics manufacturing. According to figures from Motorola, the US electronics group, two years ago 70 per cent of the world consumption of integrated circuits was for PTH components. About 20 per cent was of SMT components

with the remaining 10 per cent

shared by other emerging tech-

nologies. Reflecting the fact that contract electronics manufacturers tend to be at the leading edge of technology, many in the UK already report that SMT output has overtaken traditional PTH, although a lot of coards are hybrids - combin-

ing both technologies.

The switch to SMT has often heen overstated, hut most industry participants believe that by 1995 about half of all components sold will be of the SMT variety, and that hy the end of the decade SMT will have emerged as the clearly dominant technology.

Nevertheless by then other new technologies which have been in the development stage for many years will have also reached the market. They are needed because the performance and density requirements of electronics systems will begin to exceed the capahilities of discrete chip packaging, like SMT. To overcome this will require new "intercon-

nection techniques". The latest new technique, which is already being used in the electronics industry in Japan, the US and occasionally in the UK, is called TAB (tape automated bonding). In this method a lead frame Is attached to "humps" on the edge of the silicon chip in a process known as "inner lead bonding".

The chip and its leads are then sealed or encapsulated in a glue-like substance called "glob-top" and mounted on a reel, similar to a 35mm camera film. These tiny devices can called "slide carriers". The components are then attached to a circuit board using thermo-sonic means or conventional reflow soldering.

Another packaging method called COB (chip on board) is very similar to TAB but no lead frame is used. Instead the tiny silicon chip is placed directly on to the circuit board or "substrata" and then attached using a special "die attache" glue. Individual wires are then bonded to terminals on the chip and connected to the pads on the substrate. The whole assembly is then encapsulated in glob-top.

Both TAB and COB provide greatly improved electrical performance than earlier technologies and allow increased componant packing densities on the board - leading either to smaller boards or greater functionality. By the end of the decade they are expected to account for up to one fifth of

all component sales. The latest packaging technology is called MCM (multi chip

module). An MCM is made up of several bare sillcon chips mounted on the substrate. Then, using COB techniques. the chips or "die" are con-nected to circuitry much smaller and more carefully routed than those on PCBs. These MCMs provide much higher performance than the same chips mounted conven-

tionally on a circuit board. In addition to these changing methods of assembly, the printed circuit board itself is also changing. Already TFT (thick-film technology), flexible circuits and three-dimensional substrates bave emerged as means to further increase com-

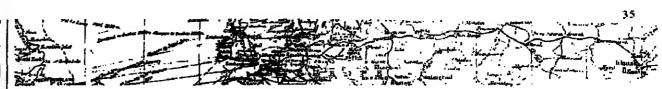
ponent density. Using these new technologies requires even more com plex factory infrastructure and sophisticated handling techniques. Optical recognition and correction systems on the machines which place the components become more necessary as the space between leads (the pitch) becomes narrower,

At the same time this places even more stringent demands on manufacturers' processes and quality improvement programmes such as zero defect and statistical process control (SPC), both advanced quality manufacturing techniques increasingly required by customers. This in turn means most manufacturers invest very heavily in sophisticated automatic testing equipment.

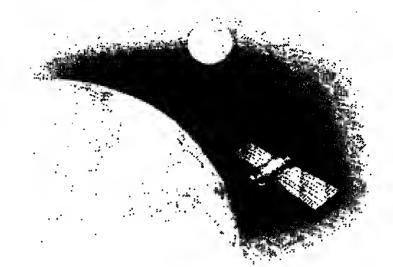
In order to achieve the greatest efficiency and flexibility with their equipment many contract manufacturers have Installed electronic data exchange (EDI) and computer management systems which often tie into those of their customers and suppliers.

Meanwhile, in order to keep up with the advances in silicon technology manufacturers must update and replace their equipment frequently. This means there is often little time to recover capital costs and considerable pressure to keep the machinery working 24 hours a day. But although speed is an important factor in choosing equipment, manufacturers also stress the need for reliability, capability and flexihility.

Finally, although electronics generally has a good environ-mantal record, electronics manufacturers, including those in the contract industry, are having to focus on environmental issues. For exampla the use of chloro-fluorocarbons (CFCs) in the cleaning stage of SMT board assembly is being



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COMMODITIES AND AGRICULTURE

Sugar storms to three-year highs

By David Blackwell

WORLD SUGAR prices, already moving ahead on successive reductions in the Thai crop estimate, surged to the highest level for nearly three years yesterday on news that the storms sweeping up the eastern seaboard of the US had hit Cuba.

In New York the May raw sugar contract was up 0.95 at 11.50 cents a lb in late trading, having touched a peak of 11.83 cents earlier. In London the August white sugar contract closed at \$297.50 a tonne, up \$13 on the day.

However, analysts in London were cautious over the damage to Cuha's crop, which was already expected to be well down on last year's 7m tonnes.

Some are talking of 5m tonnes and under, but there is no hard evidence on which to base a iudement.

Talk of damage to sugar mills and dock facilities in Cuba added further fuel to the flames. "The Cuhans have a vested interest in allowing peo-ple to think it's terrible, " said Mr Chris Pack, analyst at Czarnikow. "Bnt lt can't have done any good to have a tremendous storm at the start of the sea-

"commando raid" of Etaplea fishermen caneed Last week the Thai governbetween FFr4m and FFr5m ment revised its production estimate down to 3.51m tomes (£490,000-£600,000) of damage the lowest level for five in a dawn raid on a fish wareyears. At the beginning of the house at Boulogne-sur-Mer. They aet fire to cargoes of imported fish outside the season production was expected to reach a record 5m tounes, hut drought bas damwarehouse, then ransacked trailers of fish from Denmark and Ireland

The mood of France's fishing ports has become increasingly heated In recent weeks as fishermen have escalated their protests against imports of cheap fish. Fishermen's leaders have vowed to continue the dispute until Thursday's meeting of European Community fishing ministers in Brussels.

French fish

and potato

stepped up

FRENCH FISHERMEN and

potato farmers yesterday

etepped np pressure on

France's beleaguered socialist

government, now only ten

days away from parliamentary

elections, with fresh outbreaks

of unrest throughout the coun

protests

However, one group of Breton fishermen today plans to stage a "humanitarian and pacifist" protest by delivering six tonnes of fish to a food bank outside Paris to be distributed to the needy through the Salvation Army and other vofuntary organisations.

Meanwhile potato farmers continued their battle against EC agricultural reform hy staging a tractor demonstration at Quimper yesterday morning during which they blocked the streets with 400 tounes of potatoes. This followed similar protests in other towns last week.

The government also faces problems at the docks. Some of the largest French trading porte yesterday came to a etandstill ae dock workers responded to calls for a 24bour national strike in protest at modernise plans.

Venezuelan oil deal for BP

By Deborah Hargreaves

BRITISH PETROLEUM has agreed with Venezuela's state oil company PDVSA to bring the Pedernales oilfield in the Orlnoco delta back into production. Tha field has been shnt since 1985. BP believes it can bring it back into produc-tion soon with ontput rising to 20,000 b/d by 1997.

The agreement marks the first npstream involvement of a foreign oil company in Venezuela since 1976.

Close Previous High/Low

Indonesian cocoa thrives as prices languish

William Keeling reports on the one big producer that is still increasing its output

THE WORLD cocoa industry is in a state of crisis, with prices at record lows in real terms. But consumers and producers continue to bicker about a new International Cocoa Organisation (ICCO) withholding scheme to support the market. Bucking the trend, however, is Indonesia, which remains remarkably bullish about

cocoa's prospects. While output from major producers such as Brazil and Malayaia is in decline, the archipelago'a output is rising inexorably. In 1980-81, the country produced just 16,000 tonnes of spe-

ciality "fine" cocoa, which by

1963-84 had picked up to 32,000 tonnes and by 1987-88 to 65,000 tonnes aa farmers began to plant "bulk" cocoa trees. Production doubled again by 1990-91 and the current crop year, ending September 30, is forecast at 220,000 tonnes (of which 15,000 tonnes will be fine cocoa) making Indonesia the

world's fourth largest producer behind the Ivory Coast, Ghana and Brazil. Nor has Indonesia'a cocoa-boom begun to subside. Traders confidently expect production to exceed

free range hens, treasure hunts

around the farmyard and trac-

tor trailer rides around the

fields, all culminating with tea

happy to pay him for providing

the facility. And incidentally,

in case any Food Safety Offi-

cial begins to worry about Mr

Bennett's ability to provide

food to the high standards they

require, he insists that the par-

ents provide a picnic. All he

does is to allow the children to

This activity comes under the general heading of diversi-

fication, which farmers hava

been encouraged to explore in

recent years as the government

has sought to divert resources

from the production of food

perceived to be in surplus. But

the truth is that farmers who

WORLD COMMODITIES PRICES

um, 99.7% parity (\$ per tonne)

Close

eat it in his barn.

in the hay barn.

Delegates to the International Cocoa Organisation, which began its council meeting in London yesterday, showed little inclination to return to discussing the cocoa pact only ten days after their Geneva meeting. They decided to leave consultations until later In the week, reports Reuter.

400,000 tonnes a year hy the end of the decade, taking Indonesia into second place. Mr Ihrahim Hasan, chief

executive of the Indonesian Cocoa Association (Inca) says the roots of the boom go back to the 1970s when high prices led to interest among smallholder farmers. Many of the plantation workers in Malaysia's cocoa-produc-

ing state of Sabah were Indoneslana who smnggled seedlings back when returning home. In addition, the government and private agricultural companiee eet up seedling

This led to a dramatic change in the country's production base. In the 1970s, cocoa production was eplit

between state plantations (90 per cent) and private plantations (10 per cent). State plantations now account for only 25 per cent of the crop, while private plantations provide 15 per cent and smallholder farmers 60 per cent.

High productivity has allowed cocoa to be remunerative for farmers, despite the collapse of international prices. Mr Hasan estimates the yield in Sulawesi, the centre for amallholder production,_at about 1.5 tonnes a hectare, five times tha level of some West African producing countries. He estimates the yield in north Sumatra at slightly below 1 tonne a hectare.

"Indonesians are a force in cocoa. They're not on the peripheriea, which even two years ago they were," explains one London cocoa trader. Other producers and the ICCO, however, have been slow to pick up on Indonesia's sudden

As Mr Hasan observes: "If you look at all the ICCO documents, Indonesia is still classified as a 100 per cent fine cocoa

Avoiding the pitfalls of amenity agriculture

ICCO's failure to update records may be that indonesia has yet to join the organisa-tion, a fact that has significant implications for any future ICCO price support scheme.

indonesia is the lowest cost producer and if it'e not willing to participate in any withholding scheme, it is that much more difficult to work," one cocoa hroker points out.

Brokers estimate a withhold ing schame muat encompase 80-85 per cent of world production to have any chance of supporting prices. Indonesia already accounts for 10 per cent of world production and is likely to have a 15 per cent share by the end of the decade. Indonesian producers, how-

ever, are reluctant to join the ICCO, for as one official explains: "Wa are very worried that if we become a member. our production programme may be constrained by outside factors".

fndonesian producers are confident that cocoa prices will pick up with or without an fCCO scheme in place as the industry enters a period in

annual output. They are, therefore, more concerned with structuring the domestic industry to take advantage of higher demand than with the need for international co-operation.

The main thrust of the next five years will be to improve quality, say inca officials. Indonesian beans have a relatively low fat content and farmers tend to ferment their crop inadequately. As a result, Indonesian cocoa sells at a discount

to the world market price. "We have to be really concerned about quality if we are to fulfil the demand of industry," warns Mr Hakim War. sono, Inca'a deputy chairman. The task may not be easy that inca has yet to get its own offices is a reminder Indonesia's cocoa industry is still in its.

infancy. Inca officiala, however, are brimming with confidence. In instances when farmers have mimicked West African fermentation and sun-drying techniques Indonesian beans "get almost a Ghana-style taste prothe world's best, says Mr

Chicago wheat rallies

By Laurie Morse In Chicago

CHICAGO WHEAT prices rallied yesterday in response to Friday evening's announcement that the US Department of Agriculture would ship 520,000 tonnes of wheat and 87,000 tonnes of rice to Russia hy July under a food aid pro-

The USDA will have to huy the grain from the open market as government stockpiles

have been at a standstill since November, when Russia began to miss interest payments on its US-backed grain loans. At midsession yesterday oldcrop wheat futures prices were

have been depleted. Commercial grain shipments

up 6 cents per hushel, with wheat for May delivery trading at 329. Prices for delivery later

in the summer, during harvest, also rallied, but the advance was smaller Analysts said winter wheat

plantings in Kanaas and the Western plains states were in excellent condition, creating the potential for record yields. The US wheat donations to Russia had been expected, according to Mr Daniel Basse, a grains analyst for AgResource, However, the quantity was larger than projections. Mr Basse said that while Mr Boris Yeltsin, Russia's president, encountered political setbacks over the weekend, grain traders viewed his dispute with parliamentary hardliners as part of the normal legislative process. "Mr Yeltsin is still president," Mr Basse said, "they didn't ask him to

Nestlé seeks direct milk supply from UK farmers

By David Blackwell

NESTLE. THE UK subsidiary of the Swiss food group, yesterday offered contracts to 8,000 dairy farmers oear its factories for direct supplies of milk wheo the Milk Marketing Board statutory mooopoly ends some time next year.

The move follows the announcement last month by Northern Foods of plans to set up the Northern Milk Partnership, a co-operative vecture which hopes to recruit more than 5,000 farmers to supply the company with up to 2bn litres of milk a year worth

Nestle, which huys oearly 5 per cent of UK milk, aims to attract enough farmers to sup-

ply 700m litres a year, worth about £150m, to factories ln Ashbourne, Derhyshire; Girvan, Ayrshire; Dalston, Cumbria; and Omagh, Co Tyrone. The contracts would oot require regular renewal, but would guarantee producers a market for three years ahead while allowing them to sell elsewhere without penalty by

giving three months notice. The Milk Marketing Board, which is reforming itself into a co-operative to be known as Milk Marque, yesterday urged dairy farmers to sign oothing, but to keep their options open. Milk Marque hopes to supply 80 per cent of the UK's £3bn annual milk market, a share some observers believe It will oeed to cover costs.

Most successful ideas for diversifying farm enterprises quickly become oversubscribed HARLES BENNETT **FARMER'S VIEWPOINT** organises children's parties on his 50-hect-Charges were modest and are (120-acre) farm hetween Oxford and Thame. The entertainment includes pony rides, looking at lambs, collecting eggs from nest boxes under the

By David Richardson The children, who are between three and ten years old - "they get too difficult to control after that", says Mr long months for harvest, or. even more likely, needed to Bennett - love the temporary freedom of the farm and getincrease their incomes, have been diversifying for years. ting dirty. Parents are only too

Mr Bennett, for instance, has a long record of holding farm opeo days on bank holidays and weekends. He also has a farm shop selling produce from the farm at retail rather than wholesale prices. With only 120 acres from which to try to derive a living he needs extra Income from alteroative sources and I wish him every success with his efforts. But the history of such initiatives

is littered with failures The classic diversification is farmhouse holidays. Farmers in heautiful scenic areas, which are, almost hy definition, the most difficult in which to make a living, long enjoy baving people around ago realised that they had to the farm, like Mr Bennett, or earn more cash from somewho became bored with plant-where. Some decided to offer ing seeds and then waiting bed and breakfast for passing hie to pick them hy machine if

travellers and signs appeared at farm gates in the hills and moorlands of Britain.

country-loving guests could not believe the value for money compared with hotels. Comfortable beds and slap-up farm breakfasts combined to create a demand for auch accommodation and more and more farmers joined the bandwagon. The number of beds increased, the standard of bedroom offered rose, in many cases to include en suite bathrooms, the costs of providing the services rocketed and charges had to go up. In many of those areas expensive uprated bedrooms now stand

empty for most of the year, It is a classic case of a good idea that has been overdone and it shows how fragile is the balance between success and fallure when diverting resources from the farmer's basic task of producing food to exploiting a niche market, which is necessarily more limited in potential.

Another concept that became popular a few years ago but now seems to have run out of steam is pick-your-own. Fruitgrowing is inescapably labourintensive. You cannot mechanise the picking of strawberries and expect them to be of suffi-cient quality to grace the tea table (although it is now possi-

(Prices supplied by Amaigamated Metal Trading)

High/Low AM Official Kerb close Open Interest

they are destined for the jam pot). And getting the quantity and quality of labour when it is needed has become increasingly difficult over the years. Someone, I don't know who. had the brilliant idea that if yon could persuade the public to pick their own you could

they would only have themselves to blame. All through the 1970s and early 1980s the idea spread like wildfire across the country. But just like h&h it has been overdone, with too many PYO farms chasing too few custom-

charge less for it and if they

picked sub-standard produce

Some PYO farma are still doing well. But many more are closing for lack of punters, who prefer, it appears, to pay inflated supermarkets prices for the convenience of having their produce pre-packed. I should not pretend, how-

ever, that I am immune to the temptation to diversify. Even as I write, the farm men are converting a range of redun-dant farm huildings into horse stables in the hope that the local riding fraternity will want to pay us money to keep their animals in them. Having seen how easy it is to get it wrong I have no illusions about the dangers. We are

HEATING OIL 42,000 US galls, conts/US galls

it will cost money; but it is by no means certain that it will make money. Even if a feasibility study suggests that there is potential for a farm to divert some of its activity in a certain direction there is little doubt that it will be copied by other farmers and overdone within a few years. Such is the nature

Even the Ministry of Agriculture seems to have got that message at last. Five years ago the minister launched a scheme to grant aid for diversification on farms. The money was specifically directed towards feasibility studies and marketing and 1,500 farmers have so far received £8m. There are a further 750 diversifying farmers in the pipeline whose schemes have been approved but who have not yet had the cash.

But a few weeks ago the prospect of more such grants was withdrawn. For the fact is that too many farmers try to diversify from financial weak-ness rather than strength in the vain hope that it will solve all their problems.

It is said, moreover, that the banks are increasingly warning farmers against such activtherefore controlling the costs of the investment rigidly.

are now having to pull the rug are the ones who have spent The one certainty about agri- big money on diversification.

MARKET REPORT

NICKEL prices followed through London Matal Exchange vesterday. The three months delivery price added \$65 to the \$17 pre-weekand fall to reach \$5,967.50 a tonne following talk early in the day of Chineae seiling. Tha COPPER market was in retreat following last week's rally and the three montha price closad £11.75 lower at £1,534.50 a tonna. Dealers said tha New York-inspired riae ran out of ateam as the market's high stocks and poor demand growth rates outside North America

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Apr)	+ or
Dubai	\$16.15-6.19	-0.09
Brent Blend (dated)	518.74-8.76	-0.01
Brent Blend (Apri	\$10.74-8.78	+ 0.04
W.T.I (1 pm est)	\$20.18-0.20	-0.02
Oli products (NWE prompt delivery per	tonne CIF	+ or
Premium Gasoline	\$198-200	+2
Ges Oil	\$176-178	+ 0.5
Heavy Fuel Oil	576-78	
Naphtha	\$172-173	
Petroleum Argus Estimates	•	
Differ		+ or
Gold [per troy oz) 4	\$326.65	+ 0.9
Bilver (per troy oz) 🥏	364.05	+ 1.5
Platinum (per troy oz)	\$352.25	+1
Palledium (per troy oz)	\$106.65	
Copper (US Producer)	101.0c	+0.5
Lead (US Producer)	33.5c	
iin (Kusis Lumpur market)		-0.05
Fin (New Yark)	261.5c	-1
Zinc (US Prime Wostern)	62.0c	
Cattle (live weight)	135.36p	-1.59"
Sheep (live weight)†	114.40p	-5 34°
Pigs (live weight)1	90.99p	-0.37*
ondon dally sugar (raw)	\$266.0	+ 17
London daily sugar (while)		+ 12.5
ale and Lyle export price	€298.5	+ 13
Seriey (English lead)	Unq	
Maize (US No. 3 yellow)	€169.0	
Vhosi (US Dark Northern)	Unq	
tubber (Apr)♥	63.75p	
lubber (May)♥	64.25p	
Rubber (KL RSS No 1 Feb)	220.0m	
oconut oil (Philippines)§	\$430.0y	+5
aim Oil (Malayslan)§	5410.0	
opra (Philippines)§	\$285	
oyabeans (US)	£151 0	-0.5
atton "A" index	62 35c	+03

reasserted themselves. Japanese selling started the downturn, thay added, and as buyers backed off the markat hecame thin. The GOLD price moved slightly higher to late afternoon as tha market continued to watch Russia for aigna of a developing political crisis. At the London bullion market close the prica was 90 cents up from Friday at \$328.65 a troy ounce. PLATINUM was also assisted by the Russian situation and the London price was fixed in the aftarnoon at \$325.25 an ounce, up \$1. **Compiled from Reuters**

SUGAR	- Lond	on POX	(S per to	nne
Raw	Close	Previous	High/Low	
Мау	255.00	234.00	237.00 233.20	
Aug	257.00	240.00	238.80	
Oct	229.00	218.00	217.20	
White	Close	Previous	High/Low	
Мау	294 00	282.00	301.00 283.00	
Aug	295.50	284.50	302.00 285.50	
Oct	272.00	263.00	276.40 263.00	
Dec	271.00		268.50 267.00	
White 26 May 188	22 (1405) 0.00 Aug	Paris- Wh 1717.85	a ol 00 tonnes. ilte (FFr per tonn	_
CRUDE	OIL - 11	PE	\$/ba	т
	Lettes	st Previo	us High/Low	
Apr	18.70		19.11 18.66	
May	18 74		19.10 10.70	
חטל	18.75		19.11 18.75	
Jul	10.90		19.10 18.66	
Aug	10.80		19.09 18.80	
Sep	18.81	18.89	19.03 16.61	
Oct	18.96	16.89	18.97 18.96	
iPE Inde	x 18.74	10.85		
Тиглоче	24107(5	6853)		
QAS QII	. – FE		\$/to	ш
	Close	Previous	High/Low	_
Apr	174.25	173.25	176.00 173.50	
May	173.00	172.75	175.25 172.75	
Jun	172.50	172.25	174.50 172.50	
iul .	174.25	173.00	175.00 174 00	
Aug	176.75	175.00	176.75	
Sep	178.75	177.00	178.15	
Nov	183.75	1\$1.25	183.75	

100,70 10120 100.70
urnover 7,787 (10358) fots of 100 lonnes
TEA The Tea Broker's Association reports, lended feir demand but et a generally easer reta. Coloury medium East African feminigs. Grades were about steady but the remainder lost 4 to 0p, sometimes more, with dusts rather weak throughout. Ott- shore the market followed a similar pattern with solocotd medium Kernyas firm, others 2 to 4p down. The highest price realised this week was 184p for a Rwands pd. Oun- tailors quality 150phg, nom good readium
142p/kg, medium 135p/kg, low medium

Mar	696	678	694 677		-
May	710	690	710 692		3
Jul	723	702	722 704 730 717		ā
Sep	735 755	714 734	750 717		5
Mar	774	753	767 755		3
May	787	787	767 755 784 780		
Jul	800		794		į
Turno	ver: 3052	166001 lots	of 10 tonne	_	3
	Indicator	prices (SD	Ra per toni	ie). Dally	- N
price	for Mar 12	2 686.40 (67 99 (712.90)	7,34) 10 day	everage	3
COFF	ME - Los	ndos FOX	Ÿ	\$/tonne	7
	Close	Previous	High/Low		3
Mar	975	967	978 962		Z
May	925	915	925 906		3
Jul Sep	883 903	884 892	999 854 995 591		Į.
Nav	918	901	914 904		s
Jan	927	913	917		_
Turnos	rer 1983 /	1641) lots o	4.5 Innnen		Ū
ICO in	dicator p	rices (US	pents per p	ound) for	(F
Mar 1	2: Comp.	deily 55.02	(55.10) 10 d	iay aver-	ğ
EQ8 50	5.81 (67.03	9			
DOTA:	7066 ·· ·		~	Character	ā
POIA		London PO		£/tonne	O M
	Close	Pravious			A
Apr	39.5	39.2	39.0		D
Apr	93.0	93.0	92.0		
Turnov	rer 13 (11:	2) lots of 20	tonnes.		L
					1
SOYA	HEAL -	Landon FO	x	£/tonne	2
	Close	Previous	High/Low		3
Jun	142.00	142.00	142.00		ŞI
		lots of 20			S
, urtitory		.va or 20	AUTORIO.		3
مرهون	HT - Lo	ndon POX	#10 <i>F</i>	law aster	12
	Close	Previous		iax point	<u> </u>
			High/Low		-
Mar	1445 1436	1450 1435	1455 1445		_
Apr May	1395	1435	1445 1436 1405 1395		Kr
Jul	1245	1245	1250 1245		М
Oct BFI	1365	1385	1365 1442		Ne
	1442	1428	1442		77
Tumov	er 189 (36	54)			_
					A
OFAIN	9 – Lone	ion FOX		E/lonne	St
Wheat	Close	Previous	High/Low		11
Mar	141.80	142.50	141.90		11
May	143.25	144,10	143.50 143	.00	11
Jun	144.50		144.50 144		C
Nov	111.40	109.00	111,60 111.		21
Jan Mar	114.50 117.00	114,35	114.80 117.00		21
Bartey	Close	Dom down			22
		Previous	High/Low		_
Mar	142.00	143.00	142.00		Co
Титпоч	er: Wheat	148 (140)	Barley 10 (4	21	90
Turnovi	er lots of	100 Tonnos			99
					100
P105 -	Lendon	POX (C)	sh Settleme	et pas	Co
		Previous		and band	72
	Close	PTBVIQUE	High/Low		750
Mar	116.0		115.0	_	775

115.5 112.5

106.0

1110

.

Copper, Grade	17-68	1173	3-74	1171/116		1146.5-47 1169-69.5	1167-6	9 187	7,154 lots
									r 70,281 lots
Cash 150	8-09		1.5-21.5	1510.5/15	00.5	1509.5-10.5		.,	10,000
	4-35		46.5	1541/153		535-35.5	1534-3	5 181	1,640 lots
Lead (E per ton	ne)				_		Total d	eily tumov	er 8,899 tota
Cash 278	.5-79.5	280-	81	278.5/279	1	79.25-9.50		•	
	-88.5	269.		291/280		289-89.5	262.5-6	3 20,	253 lots
Mickel (5 per to	nne)						Total d	alfy turnove	er 7,327 lots
	5-905	5960	-70	20.20		905-10			
3 months 596	5-70	6030	-85	0020/595	9 6	2980-65	5950-53	40,	644 lots
Tin (S per tonne	9)						Total d	ally turnove	er 2,656 lots
	5-45	5865	-70	5653/5656		650-52			
	5-700	5728		57 10/569		705-10	5095-70		96 lots
Zinc, Special H		(\$ per	r tonne)				Total da	ly turnover	21,951 lots
Cash 998	5-99.5	1005		997.5/997		96.5-97			
	7.10	1027	-28	1030/1016	. 1	001.5-17	1015-10	71,	749 lots
LME Closing & SPOT: 1.4345		3 mor	ths: 1.42	251	8	nonths: 1.	4185	8 ma	rathe: 1.4133
							-100	- 0 1110	14133
Prices supplied			abild)		Ne	Y WE	ork		
	2 DY 14 M	HOUR	CIPICI						
Gold (troy oz)	price		viupe 3	plant	GOL	0 100 troy	oz.; \$/troy	02	
	28.50-328.6								
	27.70-328.					Close	Previous	High/Low	<u>, </u>
Morning flx 3	27.90		229.028		Mar	329.3	328.0	0	0
Afternoon fix 3			228.619		Apr May	329.5 330.4	328.5 329.1	330.5	326.5
	28.95-329.2 27.30-327.6				Jun	331.1	329.7	331,5	329.8
Loco Ldz Meen		_	Detec 0	for Legger	Aug	332.4	331,1	333.2	331.4
					Oct	333.9	332.0	333.9	333.9
l month 2 months	2.54 2.52	в то		2.42 2.41	Dec Feb	335.4 337.0	334.1 335.7	338.0	334.2
3 months	2.48	12 ma	onths	2.41	Apr	336.0	337.3	337.5	336.4 337.8
Silver for p	troy oz		US ots	noulv	PLAT	NEIM OO t	roy oz. \$/tro		
	52.95		362.50	44		Close			
	6.55		365.25				Previous	High/Low	
months 2	59.90		368.25		Apr Jul	353.4 353.2	352.3	354,0	361.0
2 months 2	56.00		374.45		Oct	363.2	351.3 360.0	284.0 352.8	352.0 352.0
					Jan	352.9	349.1	362.5	352.5
W D COME									
					SILVE	29 5,000 tr	by oz, cent	s/tray oz.	
OLD COMS	S price		2 equiv	ralent	SILVE				
Crugerrand	327.50-330		£ equiv			Close	Previous	High/Low	
Crugerrand Aaple leaf	327.50-330 338.45-340	.65	228.00	230 00	Mar	Close 365.4	Previous 381.9	High/Low 366.0	361.0
Crugerrand Aaple leaf	327.50-330 338.45-340	.65	<u> </u>	230 00	Mar Apr Msy	Close 365.4 366.2 367.2	Previous 381.9 362.7 363.7	High/Low 366.0 362.5 368.0	361.0 362.5 362.5
(rugerrand Asple leaf lew Sovereign	327.50-330 338.45-340 78.00-81.0	.65	228.00	230 00	Mar Apr Msy Jul	Close 365.4 966.2 367.2 359.6	Previous 381.9 362.7 363.7 366.1	High/Low 366.0 362.5 368.0 370.0	361.0 362.5 362.5 365.0
Crugerrand Apple loaf New Sovereign	327.50-330 338.45-340 78.00-81.0).65 D	228.00-5 54.00-5	230 00	Mar Apr Msy	Close 365.4 366.2 367.2	Previous 381.9 362.7 363.7	366.0 362.5 368.0 370 0 371.5	361.0 362.5 362.5 365.0 368.0
Crugerrand Japle leaf lew Sovereign TRADED OPTH Lambdum (39.7	327.50-330 338.45-340 78.00-81.0).65 D	228.00-5 54.00-5	230 GO B.OC	Mar Apr Msy Jul Sep Dec Jan	Close 365.4 366.2 367.2 369.6 372.1 378.7 376.1	Previous 381.9 362.7 363.7 366.1 368.0 372.2 372.6	High/Low 366.0 362.5 368.0 370.0 371.5 377.0	361.0 362.5 362.5 365.0 368.0 371.5
Crugerrand Auple teaf iew Sovereign TRADIED OPTH Laminium (39.7	327.50-330 338.45-340 78.00-81.0).65 D	228.00-5 54.00-5	230 00	Mar Apr Msy Jul Sep Dec Jan Mar	Close 365.4 966.2 367.2 369.6 372.1 375.7 376.1 379.4	Previous 381.9 362.7 363.7 366.1 368.0 372.2 372.6 375.9	High/Low 366.0 362.5 368.0 370.0 371.5 377.0 0	361.0 362.5 362.5 366.0 368.0 371.5 0
August rand Apple loaf New Sovereign RADED OPTH Demonstrates (39.7 Rrike price \$ to	327.50-330 338.45-340 78.00-81.0 0NS %) G	1.65 0 1.65 1.65 1.61 1.61	228.00-5 54.00-5 F Apr S	230 00 3.00 3.01 3ul	Mar Apr Msy Jul Sep Dec Jan	Close 365.4 366.2 367.2 369.6 372.1 378.7 376.1 379.4 382.0	Previous 381.9 362.7 363.7 366.0 372.2 372.6 375.9 378.6	High/Low 366.0 362.5 368.0 370.0 371.5 377.0 0	361.0 362.5 362.5 365.0 368.0 371.5 0
Cruger rand Apple leaf lew Sovereign TRADED OPTH Ubanitolium (39.7 Strike price \$ to 125	327.50-330 338.45-340 78.00-81.0 0MS %) G	1.65 0 alis Jul 62 44	228.00-5 54.00-5 F Apr S 10	230 00 a.00 Putsi Jul 10 17	Mar Apr Msy Jul Sep Dec Jan Mar May	Close 365.4 366.2 367.2 369.8 379.1 379.7 376.1 379.4 382.0 384.7	Previous 361.7 362.7 363.7 366.1 366.0 372.2 372.6 375.9 378.6 381.2	High/Low 388.0 382.5 388.0 370.0 371.5 377.0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0
Krugerrand Asple leaf sew Sovereign TRADED OPTH Ameliukan (39.7 Britis price \$ to 150 175	327.50-330 338.45-340 78.00-81.0 0MS %) G mme Apr 32 15 3	865 0 8419 Jul 62 44 30	228.00-5 54.00-56 F Apr S 10 25	230 00 a.oc 	Mar Apr Msy Jul Sep Dec Jan Mar May	Close 365.4 966.2 367.2 369.6 372.1 376.7 376.1 379.4 382.0 384.7 QRADE C	Previous 381.9 362.7 363.7 366.1 368.0 372.2 372.6 375.9 378.6 381.2 OPPER 25.0	High/Low 368.0 362.5 368.0 370 0 371.5 377.0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0
Grugerrand Aspie leaf iew Soveregn TRADED OPTH Abenitates (99.7 Errice price \$ to 125 159 175 Topper (Grade A	327.50-330 338.45-340 78.00-81.0 0MS %) G mme Apr 32 15 3	1.65 0 alis Jul 62 44	228.00-5 54.00-56 F Apr S 10 25	230 00 a.00 Putsi Jul 10 17	Mar Apr Msy Jul Sep Dec Jan Mar May	Close 365.4 366.2 367.2 369.8 379.1 379.7 376.1 379.4 382.0 384.7	Previous 361.7 362.7 363.7 366.1 366.0 372.2 372.6 375.9 378.6 381.2	High/Low 388.0 382.5 388.0 370.0 371.5 377.0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0
trugerrand Aspie leaf	327.50-330 338.45-34(78.00-81.0 000S 76) C. 01199 Apr 32 15 3	8415 Jul 62 44 30 slis	228.00-5 54.00-5 54.00-5 F Apr S 10 25	230 00 2.00 2.00 3.00 3.01 10 17 28	Mar Apr May Jul Sep Dec Jen Mar May Jul HSGH	Close 366.4 366.2 367.2 369.8 372.7 376.7 376.1 379.4 382.0 384.7 GRADE C Close 96.00	Previous 381.9 362.7 363.7 366.1 366.0 372.2 372.6 375.9 378.6 381.2 OPPER 25.0 Previous	High/Low 366.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0 0 0
Cruger rand Asple loss few Sovereign TRADED OPTH Deminders (99.7 Strike price \$ to 125 150 175 Copper (Grade #	327 50-330 338.45-340 78.00-81.0 0005 %) Comme Apr 32 15 3 4) Co 76 38	815 82 44 30 415 110 75	228.00-5 54.00-5 54.00-5 F Apr S 10 25 P	230 00 a.00 Puts Jul 10 17 25	Mar Apr Msy Jul Sep Dec Jan Mar May Jul HSGH	Close 365.4 366.2 367.2 389.3 372.1 376.7 376.1 379.4 382.0 384.7 GRADE C Close 96.30	Previous 381.9 382.7 383.7 386.0 372.2 372.6 375.9 378.6 381.2 OPPER 25.0 Previous 87.85 98.26	High/Low 368.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0 0 0 0 0
Cruger rand Asple loss few Sovereign TRADED OPTH Deminders (99.7 Strike price \$ to 125 150 175 Copper (Grade #	327.50-330 338.45-34(78.00-81.0 0003 76) C. 01170 Apr 32 15 3	8415 Jul 62 44 30 slis	228.00-5 54.00-5 54.00-5 F Apr S 10 25	230 00 2.00 2.00 3.00 3.01 10 17 28	Mar Apr May Jul Sep Dec Jen Mar May Jul HSGH	Close 366.4 366.2 367.2 369.8 372.7 376.7 376.1 379.4 382.0 384.7 GRADE C Close 96.00	Previous 381.9 362.7 363.7 366.1 366.0 372.2 372.6 375.9 378.6 381.2 OPPER 25.0 Previous	High/Low 366.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0 0 0
Krugerrand Aspie leaf iew Sovereign TRADED OPTH theministen (39.7 trike price \$ to 125 topper (Grade / 100 100 200	327.50.333 338.45-34(76.00-81.0 0003 0003 0003 0003 0003 0003 15 3 3 4) Cc 76 38 14	845 92 444 30 415 110 75 50	228.00-5 54.00-5 54.00-5 7 Apr S 10 25 7 7	230 00 8.00 3.00 3ul 10 17 28 15 34 85	Mar Apr Msy Juli Sep Dec Jan Mar May Jul HSGH	Close 365.4 366.2 367.2 369.8 372.1 378.1 378.1 378.4 382.0 GRADE C Close 96.00 98.70 97.45	Previous 381.9 382.7 383.7 386.1 388.0 372.2 372.8 372.8 373.8 381.2 OPPER 25.0 Previous 87.85 98.85 98.85 98.85 98.95	High/Low 366.0 362.5 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 365.0 371.5 0 0 0 0 0 0 88/fbs
Crugerrand Aspie leaf iew Sovereign TRADED OPTH theministen (39.7 Tritle price \$ to 125 155 175 Copper (Grade #	327.50.333 338.45-34(78.00-81.0 78.00-81.0 7%) G mine Apr 32 15 3 14 May	845 0 341 92 44 30 45 110 75 50	228,00-5 54,00-5 54,00-5 5 10 25 7 7 8 15 40	230 00 8.00 24ts Jul 10 17 25 25 24 15 34	Mar Apr Msy Jul Sep Dec Jen Mer Mey Jul HEGH Mar Apr May Jul Aug	Close 365.4 366.2 367.2 367.2 378.1 378.1 378.1 382.0 384.7 GRADE C Close 98.70 97.10 97.50	Previous 381.9 382.7 383.7 385.1 386.1 386.0 372.2 372.6 3772.6 381.2 OPPER 25.0 Previous 87.85 98.95 98.95 99.90 99.80	High/Low 368.0 362.5 368.0 370.0 370.0 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 365.0 371.5 0 0 0 0 85/Rbs
krugerrand Aspie leaf	327.50-333 338.45-34(78.00-81.0 3083 %) G mine Apr 32 15 38 14 May 51	92 44 30 45 50 46 48	228.00-5 54.00-5 54.00-5 F Apr S 10 25 F P 3 15 40	230 00 3.00 Puts Jul 10 17 28 15 34 85	Mar Apr Msy Jul Sep Dec Jen Mer Mey Jul Mar Apr Mar Apr May Jun Jun Jun Sep	Close 365.4 366.2 367.2 369.8 372.1 378.1 378.1 378.1 382.0 384.7 GRADE C Close 96.00 96.70 97.10 97.10 98.15	Previous 381.9 382.7 382.7 393.7 396.1 396.0 372.2 372.8 375.9 375.8 381.2 OPPER 25.0 Previous 87.85 98.26 99.90 99.95	High/Low 368.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 tbs: cen High/Low 97.15 97.05 98.75 9 98.05	361.0 362.5 362.5 362.5 365.0 371.5 0 0 0 0 0 85/76s 96.00 96.29 96.60 0 97.40 0 96.50
Cruger rand Asple loss few Sovereign TRADED OPTH Deminders (99.7 Strike price \$ to 125 150 175 Copper (Grade #	327.50.333 338.45-34(78.00-81.0 78.00-81.0 7%) G mine Apr 32 15 3 14 May	845 0 341 92 44 30 45 110 75 50	228,00-5 54,00-5 54,00-5 5 10 25 7 7 8 15 40	230 00 8.00 24ts Jul 10 17 25 25 24 15 34	Mar Apr Msy Jul Sep Dec Jen Mer Mey Jul Mar Apr Mar Apr May Jun Jun Jun Sep	Close 365.4 366.2 367.2 369.8 372.1 378.1 378.1 378.1 382.0 384.7 GRADE C Close 96.00 96.70 97.10 97.10 98.15	Previous 381.9 382.7 383.7 385.1 386.1 386.0 372.2 372.6 3772.6 381.2 OPPER 25.0 Previous 87.85 98.95 98.95 99.90 99.80	High/Low 368.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 tbs: cen High/Low 97.15 97.05 98.75 9 98.05	361.0 362.5 362.5 362.5 365.0 371.5 0 0 0 0 0 85/76s 96.00 96.29 96.60 0 97.40 0 96.50
Grugerrand Asple leaf iew Soveregn TRADIED OPTH Abuntoken (99.7 Errice price \$ to 125 175 100 100 100 100 100 100 100 100 100 10	327.50.330 338.45-344 78.00-81.0 0MS 7%) Comme Apr 32 15 3 14 May 51 27 14	82 44 30 19 48 30 19	228.00-5 54.00-5 54.00-5 F Apr S 10 25 F 7 15 40 May 25 89 88	230 00 2.00 2.00 2.00 3.00 10 17 28 34 35 34 35 36 37 126	Mar Apr Msy Jul Sep Dec Jen Mer Mey Jul Mar Apr Mar Apr May Jun Jun Jun Sep	Close 365.4 366.2 367.2 369.8 372.1 378.1 378.1 378.1 382.0 384.7 GRADE C Close 96.00 96.70 97.10 97.10 98.15	Previous 381.9 382.7 382.7 393.7 396.1 396.0 372.2 372.8 375.9 375.8 381.2 OPPER 25.0 Previous 87.85 98.26 99.90 99.95	High/Low 368.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 tbs: cen High/Low 97.15 97.05 98.75 9 98.05	361.0 362.5 362.5 362.5 365.0 371.5 0 0 0 0 0 85/76s 96.00 96.29 96.60 0 97.40 0 96.50
Grugerrand Asple leaf iew Soveregn TRADIED OPTH Abuntuken (99.7 Strike price \$ to 125 175 100 100 100 100 100 100 100 100 100 10	327.50-333 338.45-344 78.00-81.0 500 C 500	8419 441 300 4115 110 75 500 Jul 48 30 19 Jul	228.00-56 54.00-56 F Apr S 10 25 F 40 May 25 89 88	230 00 24ts 3ul 10 17 28 34 35 34 35 34 35 Jul 185 Jul	Mar Apr May Jul Sep Dec Jen Mar May Jul HIGH Mar Apr Apr Apr Aug Sep CRUD	Close 365.4 366.2 367.2 369.8 372.1 378.7 378.7 378.7 379.4 382.7 GRADE C Close 96.00 96.70 97.10 97.10 97.15 98.15 E C'll. [Lighter)	Previous 381.9 382.7 382.7 383.7 386.1 386.0 372.2 372.8 372.8 375.9 377.8 381.2 OPPER 25.0 Previous 87.85 99.80 99.80 99.95 htt) 42.000 U Previous	High/Low 368.0 368.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 365.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 96.29 96.29 96.60 0 0 96.50
Irugerrand Aspie leaf	327.50-333 338.45-344 78.00-81.0 398.3 309.3 309.3 32 32 33 34 34 44 45 47 48 49 49 49 49 49 49 49 49 49 49 49 49 49	845 441 30 416 110 75 60 48 30 19 Jul	228.00-56 54.00-56 54.00-56 5 10 25 F 40 May 25 89 88 May 31	230 00 3.00 245 Jul 10 17 25 15 34 15 35 55 87 126 Jul 41	Mar Apr Msy Jul Sep Dec Jen Mer Mey Jul Mar Apr Mar Apr May Jun Jun Jun Sep	Close 365.4 366.4 366.2 367.2 369.8 372.1 378.7 376.1 379.4 382.0 384.7 GRADE C Close 96.70 97.10 97.45 97.50 98.15	Previous 381.9 382.7 383.7 385.1 386.1 386.0 372.2 372.6 3772.6 381.2 OPPER 25.0 Previous 98.05 98.05 99.05 99.05 htt) 42.000 L	High/Low 368.0 368.0 368.0 368.0 370.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 96.29 96.60 97.40 0 96.50
trugerrand Aspie leaf	327.50-333 338.45-344 78.00-81.0 3983 %) Gimne Apr 32 15 38 14 May 51 27 14 May 16 9	2.65 0 Jul 62 44 43 30 19 30 19 Jul 39 29	228.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56 54.00-56	230 00 3.00 Puts Jul 10 17 28 18 34 85 Jul 55 87 126 Jul 41 55	Mar Apr May Jul Sep Dec Mar Mar Mar Apr May Jun Apr CRUD	Close 365.4 366.2 367.2 369.8 372.1 378.7 378.7 378.7 378.4 382.0 384.7 GRADE C Close 96.00 96.70 97.10 97.10 97.15 98.15 Letest 20.15 20.39	Previous 381.9 382.7 382.7 383.7 386.1 386.0 372.2 372.8 372.8 375.9 377.8 381.2 OPPER 25.0 Previous 87.85 99.90 99.95 htt) 42.000 U Previous 20.29 20.41	High/Low 368.0 368.0 362.5 368.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 365.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 96.29 96.29 96.60 0 0 96.50
Irugerrand Aspie leaf	327.50-333 338.45-344 78.00-81.0 398.3 309.3 309.3 32 32 33 34 34 44 45 47 48 49 49 49 49 49 49 49 49 49 49 49 49 49	845 441 30 416 110 75 60 48 30 19 Jul	228.00-56 54.00-56 54.00-56 5 10 25 F 40 May 25 89 88 May 31	230 00 3.00 245 Jul 10 17 25 15 34 15 35 55 87 126 Jul 41	Mar Apr May Jul Sop Jen Mar Jul HEGH Mar Apr May Jul Jul Jul Jul Jul Jul Jul Jul Jul Jul	Close 365.4 366.2 367.2 369.8 372.1 378.7 378.7 378.1 382.0 384.0 384.0 GRADIE C Close 95.30 98.70 97.45 97.70 97.45 97.50 Latest 20.15 20.32 20.32	Previous 381.9 382.7 383.7 386.1 383.7 386.1 372.2 372.8 372.8 375.9 378.6 381.2 378.6 378	High/Low 368.0 368.0 368.0 368.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Grugerrand Aaple leaf iew Sovereign TRADED OPTH theministen (39.7 Tritle price \$ to 125 150 175 100 200 100 100 100 100 100 100 100 100	327.50-333 338.45-344 78.00-81.0 398.2 309.3 309	265 0 Jul 62 44 30 alls 110 75 50 Jul 48 30 Jul 48 30 Jul 48 30 Jul	228,00-56 F F Apr S 10 26 P P 10 26 May 25 88 May 31 49 99	230 00 24ts 3ul 10 17 28 34 35 34 35 35 36 31 35 36 37 126 Jul 41 55 74	Mar Apr May Jul Sop Dec Jen May Jul HSGH May Jun Aug Sop CRUD	Close 365.4 366.4 366.2 367.2 367.2 369.8 372.7 376.1 379.4 382.0 384.7 GRADE C Close 90.00 97.10 97.45 97.50 97.50 Latest 20.12 20.32 20.32 20.39 20.46	Previous 381.9 382.7 386.1 388.0 389.7 386.1 388.0 372.2 372.8 372.8 373.8 381.2 Previous 87.85 98.86 99.80 99.80 99.80 99.80 99.80 Previous 20.41 20.47 20.41 20.47 20.51	High/Low 368.0 368.0 370.0 371.0 377.0 0 0 0 0 High/Low 97.15 96.00 0 98.75 98.05 S galts \$/0 High/Low 20.54 20.68 20.68	361.0 362.5 362.5 365.0 365.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Grugerrand Aaple leaf iew Sovereign TRADED OPTH theministen (39.7 Trits price \$ to 125 155 175 100 200 50 50 50 50 50 50 50 50 50 50 50 50 5	327.50-333 338.45-344 78.00-81.0 3983 %) Gimne Apr 32 15 38 14 May 51 27 14 May 16 9	1.65 0 Jul 62 44 30 alls 110 75 50 Jul 48 30 30 30 30 30 30 30 30 30 30 30 30 30	228,00-56 54,00-56 F Apr S 10 26 F May 25 88 May 31 49 99	230 00 2451 341 10 17 28 34 85 34 85 Jul 41 56 74	Mar Apr May Jul Sop Mar May Jul HSGH Mar Apr May Jul Aug Sop CRUO CRUO CC	Close 365.4 366.2 367.2 369.8 372.1 378.7 378.7 378.1 382.0 384.0 384.0 GRADIE C Close 95.30 98.70 97.45 97.70 97.45 97.50 Latest 20.15 20.32 20.32	Previous 381.9 382.7 383.7 386.1 383.7 386.1 372.2 372.8 372.8 375.9 378.6 381.2 378.6 378	High/Low 368.0 368.0 368.0 368.0 370.0 3771.5 3771.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Crugerrand Aspie leaf	327.50-333 338.45-344 78.00-81.0 3983 %) Gi mine Apr 32 15 3 14 May 51 27 14 May 16 9 4	Alls Aul 44 30 Alls 110 75 50 19 Jul 46 39 29 22 22	228.00-56 54.00-56 55 10 25 10 25 40 May 25 89 80 Mey 31 49 60 May 26	230 00 20151 301 10 17 28 34 15 34 55 87 126 Jul 41 56 74 Jun 40	Mar Apr May Jul Sep Dec Jan May May Apr Apr Apr Apr Apr Apr Apr Apr Apr Apr	Close 365.4 366.2 367.2 369.5 372.1 376.7 378.7 378.7 378.4 382.0 384.7 GRADE C Close 96.00 96.30 97.10 97.15 97.15 20.15 20.20 20.48 20.49 20.49 20.61	Previous 381.9 382.7 383.7 386.1 386.0 372.2 372.8 372.8 375.9 377.8 381.2 OPPER 25.0 Previous 87.85 99.80 99.80 99.85 10.29 20.47 20.51 20.47 20.51 20.53 20.53	High/Low 368.0 368.0 368.0 368.0 368.0 370.0 370.0 371.5 377.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 365.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Grugerrand Aaple leaf iew Sovereign TRADED OPTH theministen (39.7 Trits price \$ to 125 155 175 100 200 50 50 50 50 50 50 50 50 50 50 50 50 5	327.50-333 338.45-344 78.00-81.0 398.2 309.3 309	1.65 0 Jul 62 44 30 alls 110 75 50 Jul 48 30 30 30 30 30 30 30 30 30 30 30 30 30	228,00-56 54,00-56 F Apr S 10 26 F May 25 88 May 31 49 99	230 00 3.00 3.00 3.00 3.00 3.00 3.00 10 17 28 34 85 55 97 126 Jul 41 55 74 Jun 40 01	Mar Apr May Jul Sop Mar May Jul HSGH Mar Apr May Jul Aug Sop CRUO CRUO CC	Close 365.4 366.2 367.2 369.8 372.7 378.7 378.7 378.4 382.0 384.7 378.4 382.0 384.7 GRADIE C Close 98.30 98.70 97.45 97.50 97.45 97.50 Labort 20.15 20.42 20.42 20.42 20.42	Previous 381.9 382.7 383.7 386.1 383.0 387.2 372.2 372.8 372.8 378.8 381.2 378.8 378.8 381.2 378.8 378	High/Low 368.0 368.0 368.0 368.0 370.0 371.0 371.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	361.0 362.5 362.5 365.0 368.0 368.0 371.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

	Latest	Previous	High/Lo	TW	SOY	ARE/
Apr	57.70	58.20	59.10	57.50		
May	56.85 56.00	67.22 56.28	58.00 87.00	56.65 55.95	Mer	5
Jul	55.90	56.23	56.70	55.80	May	5
Aug	58.40 58.00	56.76 57.70	57.00 58.50	58.40	Jul Aug	5
Oct	58.35	58.65	59.50	57.85 58.35	Sep	5
Nov	59.80	59.45	59.80	59,80	Nov	5
Jan	69.00 60.30	60.62	60.60 60.50	60.30	Mar	6
		nes;\$/tonne		02.50	SOY	BE
	Close	Previous	High/Lo			С
Mar	879	855	879	875	- Mer	2
May	893	874	912	882	May Jul	20
Jul	915	897	930	907	Aug	2
Sep	938	920 955	947	930 871	Sep	2
Mar	1000	990	999	996	Dec	2
May Jul	1030 1048	1012 1037	1024	1024	Jan	2
Sep	1070	1065	0	0	SOYA	
Dec	1095	1090	0			C
COFFE		,500lbs; ce			Mar May	12
	Close	Previous	High/Lot		– Jul – Aug	18 18
Mar May	62.25	60.50 61.70	62.25 64.50	62.25 S1.40	Sep	18
Jul	65.00	63.30	66.00	53.30	Oct Dec	18
Sep	66.75	56.00 87.45	67,50 60,50	65.25 67.60	Jen	16
Mar	71.90	00.95	71.90	70.25	MAIZ	5,0
May	73.40	71.95	71.95	71.95		CI
SUGA		11. 1120			Mar — May	21 22
	Close	Previous	High/Lov		- Jul Sep	22
May Jul	11.50 11.58	10.55	11.83 11.92	11.10 11.54	Dec	23
Oct	10.01	0.61	10.31	10.25	Mar May	24 25
Mar May	9.83 2.83	9.38 9.36	6.58 0	9.79 0	Dec	24
Jul	9.86	9.39	0	<u> </u>	WHEA	_
COTTO		cents/fbs				_CI
	Close	Pravious	High/Low		Mar May	37. 32
May Jul	64.65	64.75 88.01	64.85 65.77	64.20	Jul Sep	30:
Oct	84.45	64.25	64.45	64.15	Dec	31
Dec	63.17	63.20 63.25	63.27 64.00	62.90	Mar	32
May	64.55	64.49	64,60	63.00 64.50	LIVE	_
ᅫ	64.95	64,98	0	0		CH
ORANG		10,000 lbs;	cents/lbs		Apr Jun	82. 76.
	Close	Previous	High/Low		- Aug Oct	72. 72.
Mar May	76.10 78.10	74.15 74.90	77.00	76.05	Dec	73.
Jul	61.20	77.70	81.00 81.70	77.00 79.60	Feb Apr	72. 73
Sep Nov	83.00 85.90	79.90 82.10	84.20 86.20	B2:00	LIVE H	_
Jan	88.25	85.00	89.85	85.00 87.50		Ck
Mar	89.50	86.00	89.50	89.50	Apr	48
May Jul	89.50 89.50	86.00 86.00	0	0	Jun	53.
			•	0	Jul Aug	\$1. 49.
IND					Oct	44,
REUT	ERE (B	sse:Septen	ber 15 1	931 =	Dec Feb	45.45.
				1	Apr	44
100)		Mer. 12	mnth ago		PORK	SEL
100)	Mar. 15		1770 -	1000	_	_
	1771.8	1762.4	1772.0	1623.1		Cla
	1771.8	1762.4 Base: Dec. :	1772.9 31 1974 -	100)	Mar	47.5
DOW	1771.8 JONES (I Mar.12 124.85	1762.4	1772.0	100) yr 8go	Mar May Jul	47.9 49.2
DOW	1771,8 JONES (1 Mar.12	1762.4 Base: Dec. : Mar.11	1772.9 31 1974 -	100)	May	47.5

	nicaç	JO		
SOY	ABEANS 5	,000 bu min;	cents/60%	bushel
	Close	Previous	High/Lo	w
Mer	579/4	575/4	580/0	574
May	580/4	576/6	582/6	576/
Jul	585/4	581/6	587/4	561/0
Aug	588/2 589/4	584/0	589/4	584/4
Nov	595/2	584/6 591/0	590/6 597/0	586/3 591/4
Jan	602/4	596/4	603/4	601/0
Mar	611/0	807/0	511/0	611/0
SOY	ABEAN OF	. 60,000 Nbs;	cents/lb	
	Close	Previous	High/Lo	w
Mer	20.60	20.66	20.78	20.56
May	20.78	20.87	21.01	20.76
Jul	20.99	21,12	21,23	20.90
Aug Sep	21.08 21.17	21.16 21.27	21.32	21.07
Oct	21.25	21.30	21.38 21.42	21.17 21.25
Dec	21.35	21.48	21:58	21.35
Jam	21.41	21.55	0 .	0
SOY		AL 100 tons		
	Close	Previous	High/Los	*
Mar May	178.0	176.D	178.9	177.3
Jul	160.7 182.4	178.9 1 60 .9	180.9 182.9	179.2
Aug	183.8	161,9	184.0	181,2 182,4
Sep	185.1	183.0	185.2	183.8
Oct Dec	186.0 189.0	164.3	186.5	185.0
Jan	189.3	187 <u>.0</u> 187.3	189.7 189.3	187.0 189.3
MAIZ		min; cents/		- 100-23
_	Close	Previous	High/Lov	
Mar	214/4	213/4	215/0	
May	220/2	219/4	215/0	213/6 219/4
Jul Soo	226/6	226/0	227/6	225/6
Sep Dec	232/0 239/4	231/4 230/0	232/6	231/2
Mar	246/2	239/0 245/8	240/2 246/6	238/6
May	250/0	249/6	250/4	245/6 250/0
Dec	247/4	247/4	248/0	247/2
WHEA	T 5.000 bu	min; cente/		
Mar	373/4	Previous	High/Lon	
May	327/6	385/4 323/0	373/6	368/4
Jul	303/4	301/4	331/4 306/0	325/4 303/0
Sep Dec	307/0	305/6	308/B	367/0
Mar	316/4 320/4	314/4 319/0	318/6 0	315/4
LIVE (.000 lbs; cer		
	Close	Previous	High/Low	
Apr	82.625	82,300	82,700	82.200
lun Lun	76.625	78.150	78.850	76.100
Aug Oct	72.900 72.900	72.200 72.575	73.000	72,200
Dec	73.100	73.075	73.150 73.976	72,600
eb	72.450	72.375	73.375 72.900	72,978 72,400
Dr P	73 906	73.850	79.700	73.600
	Close	00 ib; cents/		
	48 075	Previous 47 con	High/Low	
NOT .	53. 900	47.900 52.975	49.400	48,100
	S1.750	52.975 50.525	64,450	53,050
lun kul			52.000 49.400	50.600 48.160
lun kul kug	49.000	48.175		
lun kul kug ket	49.000 44.575	48.175 43.800	45.050	
lun kul kug Xet Xec	49.000 44.575 45.425	43.600 44.650		43.600 44.750
lun lui lug loc loc lo b	49.000 44.575 45.425 45.300	43.800 44.650 44.700	45.700 45.750 45.750	43.600 44.750 45.300
Apr lun lun lug Det Dec Teb Apr	49.000 44.575 45.425 45.300 44.400	43.600 44.650 44.700 43.750	45.050 45.700 45.750	43.600 44.750
lun lui lug Det Dec Teb Ipr	49.000 44.575 45.425 45.300 44.400	43.800 44.650 44.700 43.750 0,000 lbs; cc	45.700 45.700 45.750 44.450 ents/ib	43.600 44.750 45.300
lun lui lug loc loc loc loc loc loc loc loc loc loc	49.000 44.575 45.425 45.300 44.400 BELLIES 4 Close	43.800 44.850 44.700 43.750 0,000 lbs; or Previous	45.050 45.700 45.750 44.450 mts/ib High/Low	43.600 44.750 45.300 43.875
lun lui lug loc loc eb lor lon lar	49.000 44.575 45.425 45.300 44.400 BELLIES 4 Close 47.975 49.250	43.800 44.650 44.700 43.750 0,000 lbs; cc	45.050 45.700 45.750 44.450 mts/lb High/Low 47.975	43.600 44.750 45.300 43.875
lun lui lug loc loc eb lor lon kar lay ul	49.000 44.575 45.425 45.300 44.400 BELLIES 4 Close 47.975 49.250 49.875	43.800 44.850 44.700 43.750 0,000 lbs; or Previous 45.975 47.250 47.875	45.050 45.700 45.750 44.450 9nts/lb High/Low 47.975 49.250	43.800 44.750 45.300 43.875 0 47.550
lun lui lug loc loc eb lor lon Kar lay	49.000 44.575 45.425 45.300 44.400 BELLIES 4 Close 47.975 49.250	43.800 44.850 44.700 43.750 0,000 lbs; cr Previous 45.975 47.250	45.050 45.700 45.750 44.450 mts/lb High/Low 47.975	43.600 44.750 45.300 43.875

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NEW HIG

Lows ≥2 Markey .

HE DERIV

THE UK SERIES

FT-A ALL-SHARE

1424.95 + 3.61

Dividend yield %

414

4.09

4.33

5.91 4.18

3.45

3.11

312

4.37

312

3.69

4.39

3.95

4.50

4.21

4.93

4.12

20.64

19.07

20.28

24.74 20.58

18.35

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Equities firmer ahead of the Budget By Terry Byland, UK Stock Market Editor

A TRADING week likely to be dominated hy today's Budget speech in the UK parliament, hut also hy hopes for cuts in ioterest rates both in Germany and in Britain, made a confi-dent start yesterday. Ex-dividend adjustments in several blue chip shares restrained the day's gain in the FT-SE 100 Index to 6.5; but for these technical factors, the rise would have been twice the reported | No. | No.

Equity strategists expect Mr Norman Lamont, the UK chancellor of the exchequer, to announce some fairly moderate tightsning of fiscal policy today, but believe he will avold any risk of jeopsrdising the fragile recovery in the UK economy; economic optimism was encouraged by news that UK manufacturing output Incressed by 0.8 per cent between December and January.

At the same time, s further cut in UK base rates is certainly "on the sgenda" and London has become significantly more confident of a reduction in German rates following the recent trimming of the Bundesbank's money market rates.

Early falls in the Footsie reflected the ex-dividend names as ICI, Barclays, RTZ

£290m bid from its smaller

rival, Airtours, took a new

twist yesterday as Thomas

Cook made an early raid in the

spice to the bld battle which

many in the market believe is

now too close to call. The Air-

tours offer closes today at 1pm.

Last week. Thomas Cook made

a tender offer for 12.5 per cent of Owners at 150p a share con-

ditional on the Airtours bid

Dealers suggested that

Thomas Cook may have pur-

chased its stake from UBS

Phillips & Drew Fund Manage-

ment, paying 152%p a share for

lines of 9m, 2.1m and 1.9m

shares. However, leisure spe-cialists said the fact that the

institution was considered sup-

portive of the present manage-

meot meant that the dawn raid

changed little in the complex

arithmetic over who was likely

But there were also sugges-

tions that Gartmore Invest-

ment Management had sold a

1.3 per cent share interest, part

of its 7 per cent stake in Own-

ers, to Thomas Cook. It was

enough to unsettle some inves-

tors, worried that the German move implied s shift in favour

of Owners' current owners,

who have so far been seen in

the market as losing the PR

hattle to Airtours. Owners closed 9 down at 138p after

NEW HIGHS AND

LOWS FOR 1992/93

to win.

cent stake in Owners.

pricing factors and the Footsle

dipped 7.2 to within 9 points of the 2,900-mark in early trading. However, with the March future on the FT-SE 100 Index still positive with only a few days' life left in the contract, shares soon railied and moved slowly ahead. At best the market was more than 12 Footsie points up, before interest died

and Ahbey National. Hardly a sector was immune from these final pre-Budget trading session in equities.

The closing reading showed the FT-SE 100 at 2,922.4 for a net gain of 6.5. Seaq trading volume slipped to 578.1m shares from Friday's 769m. But all the signs have been that retail, or genuine investor. hosiness in equities has remained high, reflecting improved confidence in pros-

TRADING VOLUME IN MAJOR STOCKS

pects for economic recovery and further interest rate cuts. The FT-SE Mid 250 Index gained 12.5 at 3,112 yesterday, and non-Footsie husiness made up nearly 72 per cent of the

day's total On Friday, retail business was worth £1.54bn, hringing a total of £8.78bn for the week. The increased level of retail husiness has now extended for the past five months and has

significantly improved levels of profitshillty among Londonbased securities firms.

Underlying confidence in the outlook for interest rates across Europe was reflected in gains in shares in UK property and building and construction companies yesterday. Rises were strongest in UK huilding groups with interests in Germany. London's hopes of lower rates in Germany were not discouraged yesterday by a repetition of strong anti-inflation views by the president of the Bundesbank.

A further indication of the positive mood underlying the stock market came from bidrelated activity, hoth in the leisure and property sectors. A market raid was mounted on shares of Owners Abroad by Thomas Cook, the Germanowned travel agency, ahead of today's closure of the £290m bostile hid by Airtours.

The latest developments in Hong Kong were outweighed for UK investors by profits and an excellent dividend payout by HSBC Holdings.

Account	Dealing	Dates
'First Ocalloge: Mar 1	Mar 18	Mar 29
Option Declaration Mar 11	Mar 25	Apr 18
Last Dealings: Mer 12	Mar 26	Apr 16
Account Day: Mar 22	Apr 5	Apr 26

Owners turnover of 28m. Airtour slipped a penny to 338p. Crucially, the Thomas Coo raided stake combined with the hole ings of Owners' directors now more than 10 per cent an by Cook will prevent Airtours from going over the 90 per cen required for full control, ever THE BATTLE for control of if its offer succeeds today. I Owners Abroad, the UK tour operator fighting a hostile also sent analysts home specu-lating over Thomss Cook's

strategy in the event of an Air-

tours victory, with some sug-

gesting that it might attempt

to buy some parts of Owners'

market to capture an 8.4 per operations. The move by Thomas Cook, **HSBC** strong which is controlled by German travel group LTU, adds further

The continuing wrengling over political reforms ahead of the handing over of power in Hong Kong in 1997 caused only a mild ripple of unease in shares of HSBC, holding company for the merged Hongkoog and Shanghai Banking and Midland Bank. The hank's shares were among the best performers on the London market after it revealed a much better than expected final divi-

The Hong Kong market itself came under heavy pressure after Chinese officials attacked als for the C ony, causing a general mark-down in London of leading UK groups with significant interests in Hong Kong. HSBC's profits were slightly

dissppointing, secording to dealers, but the dividend was ahead of the most optimistic forecasts, pitched around the 15.5p to 16p mark. The shares were tentatively

marked up to 609p by dealers wary of the steep retreat on the Hong Kong market. Buyers moved in quickly, however, and drove the shares up to a close of 624p for e net gain of 20. Turnover was a good 7.7m. Other leading UK stocks heavily influenced by events in Hong Kong performed rela-tively well. Standard Char-tered Bank settled a net 4 higher st 704p ex-dividend, while Cahle and Wireless, which derives more than half of its earnings from Hong Kong, settled only a fraction off st 712p, having falleo to 698p at the outset of trading. Incheape rose 5 to 588p.

US storm damage

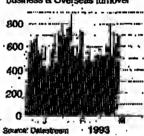
The msssive damage wrought hy what are seen as the worst storms across the east coast of the US this century led to an initial markdown of a UK composite insur-ance sector huffsted in recent years hy s series of natural disasters, capped by last year's Hurricane Andrew. But the markdown and ensu-

ing selling pressure proved short lived as insurance specialists concentrated instead oo the likelihood that the lstest disasters would trigger the long swafted upturn in US insurance premiums. The per-formance of shares in the higgest US insurance groups when Wall Street opened gave credence to London's view that premiums would almost certainly be raised. General Re was up around \$2%, Marsh &

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Equity Shares Traded Turnover by volume (million) Excluding: Intra-market business & Overseas turnover

1993



McLennan up 1% and AIG over a point higher shortly after the

US market opened. General Accident, whose US catastrophe reinsurance is triggered if losses rise above \$40m, seen as nos affected, and the shares settled 8 lower at 589p. Royal, with a reinsurance trigger level of \$25m, rallied sharply to close 9 higher at 305p after an early retreat to 293p. Commercial Union, with a reinsurance mark of \$15m, msnaged a minor rise at 607p. Sun Alliance, with negligible exposure

to the US, rose 11 to 350p. industrial group IMI, which reported a decline in profit figures, moved sharply forward with the market cheered by the held dividend. The shares gained 11 to 270p, in trade of 3.3m. In spite of an upbeat analysts meeting, many remained sceptical about the prospects for the current year and several moved to downgrade current year profit expectations. These included Mr Sandy Morris at NatWest Securities who trimmed his 1993 estimate hy £1.5m to £71.5m. He blamed the cut on the continued weakness in the rest of Europe where the company derives around 37 per cent of operating profits and IMI's moderate exposure to the recovering US economy.

The signing of a joint venture agreement for cigarette production in the Ukraine led daily tornovers in Amstrad

to positive sentiment in BAT and the shares put on 8 to 956p. Transfer Technology continued to be the subject of strong demand, following the recent favourable figures. The shares gained snother 33 to 558p. Vague hints of s a sell recommendation for Gestetner left the shares 12 lighter at 118p. English China Clays put on 5 to after reporting a maintained

Among transport stocks. British Airwsys put on 3 to 298p, ahead of confirmation that its \$300m investment into USAir have been cleared by the Us Government, Volume by the close 3m.

Bid talk returned to a gen-

dividend.

erally positive property sector, with Hammerson once again the name touted as a possible target. However, one dealer suggested that a stock shortage in one type of the group's shares had triggered huying in the other as the two had moved spart, inflating the rise. At the close, the ordinary's had jumped 21 to 387p and the A's

rates. Wolseley jumped 17 to 583p, RMC 12 to 588p and Redland 10 to 455p.

Second line store Issues did some catching up after Friday's strong session for the leaders. T&S Stores rose 5 to 164p, Amber Day 6 to 62p and Body Shop 6 to 190p. The declsion by Argos to close its iossmaking Chesterman furniture stores lifted the stock 9 to 295p.

There was renewed bid talk around Geest and the shares jumped a further 12 to 480p. A US food group is rumoured to be on the prowl.

Weekend press comment benefited Perkins Foods, up 7 st 113p, and United Biscuits, ahead 5 at 383p.

A buy note from Paribas on Queens Moat Houses helped the shares advance 4 to 49p in turnover of 5.6m. The Frenchowned broker believes recent weakness to be overdone and that the stock is poised for recovery. Two small but lossmaking leisure stocks, European Leisure and Whitegate Leisure, both moved back into the black. The former jumped 1% to 5%p, the latter 5 to 27p.

FINANCIAL TIMES EQUITY INDICES

Mar 15	Na 12	Mar 11	Mar 10	Mar 9	820	High	Low
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10.90 1	1.00 12	LOG 12	14.6	15.50	16.00	High	Low
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THE DERIVATIVES sector above last Friday's close. once again experienced an uneventful session as dealers waited for the outcome of today's Budget speech from the UK chancellor, writes Joei Kibazo.

In futures, the first trade in the March contract on the FT-SE 100 Index, now in its last week of trading, was 2,915 was seen just before the struck at 2,924, some 4 points opening of Wall Street, after

Barly buying saw it rise to the day's peak of 2,935 at around 10am, after which the contract drifted lower with little follow-through buying. General profit-taking saw it fall back to 2,925 nver the

lunchtime period. The low of the session at

which March crawled forward dull and saw volume of 26,28i on bargain hunting and the firmness in New York.

It closed at 2,921, a slight discount to the underlying cash market. Dealers said the day's thrnover of around 10,000 contracts in March was due to rolling forward into the June contract. It saw volume of 5,556 lots.

by the close of business. Trading in the FT-SE 100 option was very poor indeed, reaching only 3,907 lots, whils the Euro FT-SE 100 option had business of 1,037 contracts.

Amstrad led the way among stock options, trading 1,788 contracts with the September 35 puts the busiest series, fol-Traded options were also lowed by British Gas at 1,507.

continued with 11m traded yes terday as the shares jumped 21/2 more to 38p . their highest level since June last year. This week sees the expected launch of the company's latest new product, e "personal digital assistant" computer. Delta rose 9 to 444p, follow-

ing the maintained dividend while GEC rallied after last week's slide and settled 6½ ahead at 300p; Phillips & Drew Fund Management said it no longer had a notifiable interest in the shares. Shareholdings in excess of 3 per cent have to be made public according to Stock Exchange rules.

MARKET REPORTERS: Christopher Price, Joel Kibazo, Steve Thompson,

Other market statistics,

Hourly movements 9.00 11.00 12.00 13.00 10.10 High/day Low/day 14.00 15.00 2921.9 3108.5 2923.3 2918.8 3109.1 3109.1 FT-SE 100 2909.0 2921.1 2928.2 2922.9 2918.3 3108.6 2922.9 3111.6 FT-SE MM 258 3094.7 3099.4 31051 1435.9 1441.1 1444.4 FT-SE-A 350 1442.6 14423 FT-SE Actuaries 350 Industry Baskets 15.00 16.18

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FT-SE 100

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FT-SE NEW 250

FT-A ALL-SHARE

FT-SE SampliCap FT-SE SamplCap on law Tracts

1 (CAPITAL GOODS(211)
2 Building Materials(27)
3 Constructing, Construction
4 Electricals(14)

7 Engineering-General(52) 8 Metals & Metal Formin

5 Electronics(35)

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9 Maters(18) 19 Other Industrials(18)

21 CONSUMER GROUP(237

22 Braves and District(22)
22 Braves and District(22)
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26 Food Metalling(18)
27 Health & Household(29)
29 Hotels and Leisure(20)

31 Packaging and Peper(23) 34 Stores(39) 35 Textiles(20)

40 OTHER GROUPS(142)

41 Business Services(27) 42 Chemicals(23)

Conglomerates Transport(16) Electricity(18)

Telephone Net

49 BIDUSTRIAL CAOUP(SE

59 "500" SHARE UNDEX/8039

61 FIRANCIAL GROUP(89)

66 Insurance (Composite)(67 Insurance Brokers(10)

88 Merchant Banks(6)

70 Other Financial(23)

99 FT-A ALL-SHAREITSS

71 Investment Trusts(107)

59 Property(28)

65 Insurance (Life)(6)

47 Water(13) 48 Miscetaneous(32)

51 OH & Gas(18)

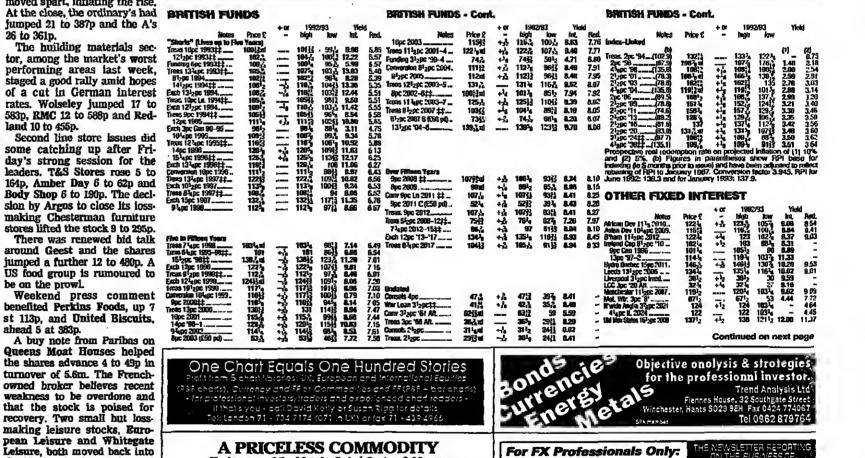
FT-SE-A 350

Previous 1552.5 1555.7 1581.0 1562.7 1560.4 1563.5 1563.5 1160.9 1158.2 1157.8 1564.2 1162.3 1563.3 1563.3 1561.4 -0.7 1163.1 1165.7 1164.9 1162.0 1160.9 1160.4 1475.0 1476.9 1474.0 1473.1 1472.3 1472.6 1472.6 1472.6 1472.8

Additional Information on the FT-SE Actuaries Share Indices is published in Subordey leaves. Use of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 6HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FN-SEA Actuaries All-Share Index from January 4 1980 means that the FT-SO now contains mere stocks. It has been rensened the FT-SO 1, 1 Sector PFE ratios greater than 80 are not shown 1 Values are negative.

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries All-Share Index are completely the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the institute of Actuaries and the FF-Actuaries attacked set of ground rules, 9 The International Stock Exchange of the United Kingdom and Republic of Internat Limited 1935, All rights reserved, "FT-SE" and "Footsle" are joint brade marks and service marks of the London Stock Exchange and The Financial Times Limited 1935, All rights reserved, "FT-SE" and "Footsle" are joint brade marks and service marks of the London Stock Exchange and The Financial Times Limited 1935.

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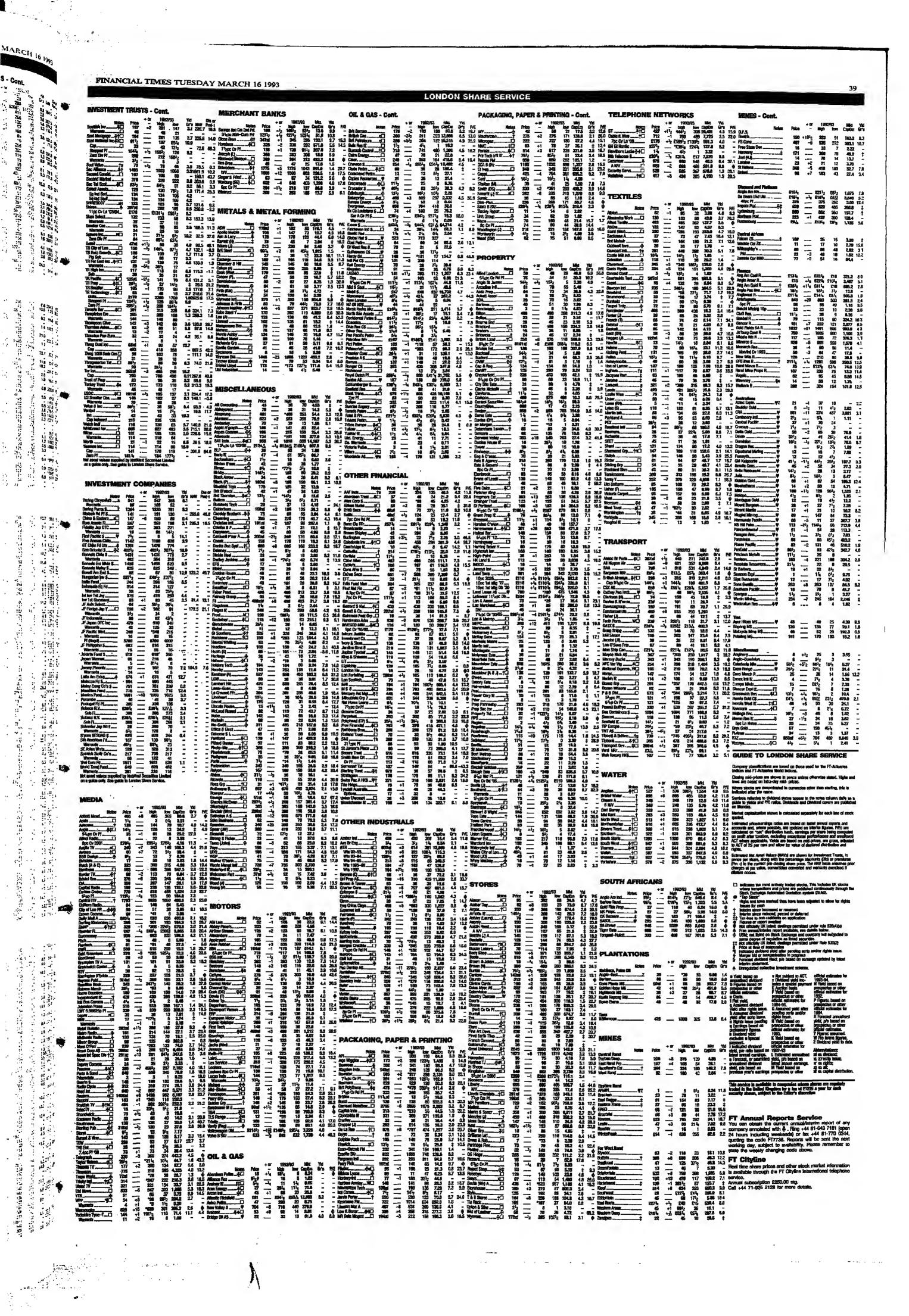
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar struggles to advance

AGREEMENT on Germany's too far down because the solidarity pact yesterday strengthened expectations on the foreign exchange markets for a cut in the Bundesbank's official lending rates, writes

Emma Tucker. Hopes that the German cen-tral bank will announce a halfpoint reduction in the discount rate on Thursday were buoyed by reports that Germany's political parties, federal states, employers and trades unions bad agreed on a public financing package to underpin the east German economy.

Initially the dollar was the chief beneficiary of the news. although hy the end of European trading it had failed to hreak through Friday's close of DM1.6655.

Analysts are somewhat bemused as to why the dollar remains trapped in such a narrow trading range after good nonfarm pay roll figures of a week ago, political unrest in the former Soviet Union and strong prospects for a German rate cut, should have combined to give the currency a strong upwards hoost.

"I think the markets are getting a hit impatient with the inability of the dollar to move higher, but at the same time no one has the guts to push it

Mar.15	Latest	Previous Close
Spot	1.4350 - 1.4360	1.4326 1.4330
1. month	0.37 · 0.36pm	0.35 0.34pm
3 months L2 months	0 95-0 93pm 2.60-2.50pm	0 95 0.92pm 2 65 2.55pm
orward premie	uns and discounts as	ply to the US dolla

	Mar I	5 Previous
8 30 am 9 00 am 10.00 am 11.00 am 10.00 pm 2 00 pm 3 00 pm 4 00 pm	773 773 773 773 772 773 773 772	77.1 77.1 77.1 77.1 77.2

CURRENCY RATES Bank 2 Special * European

Mar IS	rate.	Oraning Rights	Unit
Sterling U.S Dollar Caaadom S Austrian Sch Belgram Frant, Dannh Krone D-Marh Dulch Gelider French Franc Hallan Lira Japanese Ven Kornan Krone Soannin Peseta Swetth Krone Soans Franc Greek Drack In sh Parkt In sh Parkt	300 609 150 1150 10 1150 1150 1150 1150 1150	0 958078 1.37216 1.70601 16.0556 46.9956 8.76399 2.38231 2.56855 7.76643 2207.75 161.503 9.71489 163.400 10 6768 N/A	0 812752 1.16362 1.144928 13.6469 39.9324 7.45762 2.18015 6.59305 1871 08 137 691 0 25004 138.424 9 14486 1.77637 0.798255
Early rate reference are not que European Com All SOR rates	reled by to	he UK, Spale alcolations.	

CURRENCY MOYEMENTS

Mar 15	England Index	Guaranty Charges %
Sterling	77.2	-32.34 -11.40
U S Dollar	66 S	-11,40
Castadian Dollar .	975	-1.69
Austrian Schilling .	1155	+16.95
Belgian Franc	116.2	+2.04
Danish Krone	1190	+12.50
D-Mark	125.6	+32.14
Some Franc	110.6	+19.26
Dutch Gulader	1198	+21 26
French Franc	109.8	~6.80
Luca	786	-36 13
Yen	163 4	+100 95
Pesera	994	-24 46
Morgan Geara	uty change	s. average

1980-1982 - 100 Bank of England Index (Bas Average 1985 - 100), **Rates are for Mar.12

Mar 15 C S	
Argentára 14315 · 14340 0 9990 · 1. Acstralia 2 0345 · 2 0375 14225 · 1. Brazil 31818 0 3 1832 \$2218 5 · 2. Fistand 8 6990 · 8 7250 6 0525 6	4235 2183 0 0750 7365 7365 74.80 30600 125 6020 1165 8965 7505 6460 64530

expectation is still that it will rally," said Mr Christian Dunis

of Chemical Bank in London. Mr Dunis pointed out that the difference between US and German lending rates remains significant while the market is waiting to see what the Bundesbank will do later this week. The dollar made no gains on the day, closing marginally lower at DM1.6615.

The pound did not react to the growing prospects of German monetary easing, continu-ing to trade in a very narrow range ahead of today's Budget. Although a cut in German rates would make it easier for the UK authorities to reduce interest rates, the Bank of England and the Treasury have been discouraging expectations of further monetary

Official resolve will have been strengthened by yester-day's news that manufacturing output rose a hetter than expected 0.8 per cent in January. The figure added to evidence that a modest economic recovery is taking place in the UK. The pound fell half a pfennig on the day to close at DM2.3825. Against the dollar it

closed harely changed at

Tensions within the European exchange mechanism were held at bay. The escudo, which came under pressure at the end of last week following reported differences between the ceotral bank and the government, regained stability. In later trade it eased lower to just over Es93 per D-Mark. The peseta was also elightly weaker closing at Pta71.41. The French franc closed virtually unchanged at Ffr3.401.

Potentia) for strains within the system remain, however, and dealers yesterday warned that failure by the Bundesbank to act on Thursday could put the mechanism's weaker currencies under pressure.

EMS EUROPEAN CURRENCY UNIT RATES							
	Eco Crotcaj Rotes	Currency Amounts Against Eco Mar 15	% Change from Central Rate	% Spread vs Weakest Currency	Director		
Spanish Peseta	142 150 0 809996 2 20045 40 2802 1.95294 180.624 7 44934 6.54988	138,424 0,798255 2,18015 39,9324 1 93952 179,651 7,45762 6,59305	5-1-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-	74445	94883=1 9		

e for Ecu, a positive change of roculage difference between the	actual market and Eco cent	rail rates for a correscy, 29	
roestage deviation of the curre 7/9/92) Sterling and Italian Li	Acy's maries rate from its ra suspended from ERM, A	Ecu central rate. Nostment calculated by F1	nancial Times.

lar 15	Day's spread	Close	One month	94,	Three months	91
katy lot len	48.95 - 49.20 9.1660 - 9.200 0.9790 - 0.9835 2.3900 - 2.3700 220.50 - 221.75 170.00 - 170.85 2295.25 - 2303.00 16.1325 - 16.1602 6.0875 - 8.11.2850	8.0775 · 61075 11.2625 · 11.2725	0.45-0.50cdis 10-195cds 180-195cds 156-189cds 10-129cds 1 0-3 bords 4-45-cds 24-5 bords	3.07 57.24 57.24 57.24 57.24 57.21 5	0.97-0.94pm 0.26-0.07pm \$-11,46s 22-28tds 21 3-24ds 1.28-1.37ds 1.146a 460-575ds 383-425ds 29-32ds 5-4-814ds 101-111-64s 94-12ds	247 1509 1-49 1-49 1-49 1-49 1-49 1-49 1-49 1-4
n ia seriand	168.75 - 170.50 16.75 - 16.81 2.1775 - 2.1900 1.2260 - 1.2305	169 50 - 170 50 16 75 - 16 78 2 1775 - 2 1875 1 2365 - 1 2275	2 %-3 % grads 4-parces 0.33-0.37ds	3.69 -2.01 0.69 -3.42	1 k-1pm 6 k-8ms 5 k-pm 0.87-0.94ds	265 -1.70 0.92 -2.95

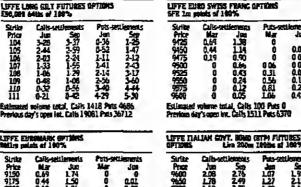
OLLAR SPOT - FORWARD AGAINST THE DOLLAR									
lar 15	Day's spread	Close	One month	EZ.	Three recettles	04			
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	URO-CI	JRREN	CY INT	EREST	RATES	
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nish Kronean SSIng anish Penta rtuguese Esc	13 - 34 13 - 12 4 - 3 164 - 164 144 - 144	334 34 35 35 35 35 35 35 35 35 35 35 35 35 35	3748 N 144	34 15 14 15 14 15 14 15 14 15 14 15 14 15 14 15 14 15 14 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16	13 13 15 15 15 15 15 15 15 15 15 15 15 15 15	114 114
ng term Eurodolla ns 54,54 per cen	s. two years 4 cominal Sho	4 4 b per cent; term rates are	three years 45 call for US Doi	4% per con; i	our years 52,-5, se Yen; others, o), per cent; five

			EXC	HAI:	NGE	CR	oss	RAT	TES			
U=.1 5	£	\$	1794	Yes	F Ft.	S Fr.	N FL	Lira	4	B Fr.	Pta	6
3	1	1.434	2.382	170.0	6.102	2 182	2677	2302	1.787	49.05	170.1	13
	0.697	1	1.661	118.5	5,650	L522	1.867	1605	1,246	34.21	118.6	0.83
	6420	0.602	1	71.37	3.401	0.916	1.124	964.4	0.750	20.59	71.41	0.5
YEN	5.882	8.435	14.01	1000.	47.66	12.84	15.75	13541	10.51	288 5	1002	7.2
F Fe.	L234	L770	2,940	209.8	10.	2693	3.304	2841	2.206	60.54	209.9	1.51
S Fr.	0 458	0.657	1.092	77.91	3.713	1	L227	1055	0.819	22.40	77.96	0.56
	0.374	0.536	0.890	63 50	3 027	0.615	- <u>1</u>	859.9	0.668	15.32	63.54	0.45
Live	0 434	6623	1.035	73.65	3.520	0.948	L263	1000.	0.776	21.31	73.87	0.53
	0.560	0.802	L333	9513	4.534	1.221	1.496	1288	1	27.45	95.19	0.62
	2.039	2.924	4.856	346.6	16.52	4.449	5.458	1288	3.643	100.	346.8	250
	0.588	0.843	1,400		4.763	1.283	1.574	1353	1.051	28.84	100.	0.72
	0.815	1169	1941	138 5	6.603	1.778	2.182	1876	1.456	39.98	138.6	i.

FINANCIAL FUTURES AND OPTIONS



CHICAGO

LONDON (LIFFE)

	Close	Histo	Low	Pre
Mar	105-30 106-28	105-07	105-37	106-0
Estimate Previous	d solume 21s day's open is	003 (4351) L 80975	798130 798130	
US THE	SURY BUNE 32nd of 1	5 8% * 68%		
Mar	110-21 109-11	High	LOW	Pre 111-1 110-1
	declume 0 to		80	

Jun Seo	96.25 % 42	96 53	95.98	95.11 95.28
Previous	d volume 79: day's open in	502 10876 d. 141703	(138540)	OVT.
BOND CO	Close		of 106% Line 99.54	Pres

Entirented volume 555A (59AS) Provious day's open Let. 16720 (16472)							
67. MO.	TONAL LONG 100m 100ms	7EBJ 34	MIESE BOYT.				
Jun Sep	110.12	High 110 18	110.07				
E-41-4-	4 70						

Estimated substre 750 (730)	
Fraderi enclusively de APT	
THE PROPERTY THE PARTY CO.	-

JEA 20	TACHAL FLAU	100%		
	97.01 96.84	97.14	96.87	96.70 96.53
Terlor.	d volume 105 day's open to	82 (7325) L. 47082 (4	472121	
1% M	TRONAL SPA	MSH COVI	, ROMO I BO	P4053
1% M to 20m	TRONAL SPA 100tin at 11 Close 93.77	High 94.60	Low 93.57	Pres 93,40

Jen Sty	93.77	94.60	93.57	93,
Estimate Previous	day's open in	6 (2547) L 3064 (1	B39)	
THREE I	PRINTH STEE	LING *		
	Close	High	Live	Pre
May .	94,08	94.14	94.06	94.
Jan.	94.56	94.60	94.52	94
Sen	94.75	94,77	94.72	94.
Jan Sep Dec	94,68	94,72	94 65	4
	Onc. first. oc	statema 3	3085 CZ7K	

	Previous	day's open in	L 288365	(291780)
	TRACE I	S of 141%	COLLAR	•
	Mar Jun Sep Dec	96.75 96.67 96.33 95.85	96.75 96.41 96.36 95.88	96.74 96.58 96.33 95.85
Ì	Previous	Onc. hgs. no day's open in	L 24426 C	5449T) (T)200
	THEE I	CONTRACTOR	MARK "	
	Mar	92.19 93.24	92 18 92 18	92.14 97.15

	Class	High	Low	
Mar .	92.19	92.18	92.14	•
Jon	93.24	93.26	93.15	•
Sep Dec	93.99	94.00	93,90	3
Des	91 30	94.31	94,24	•
Estimates Previous	enture 815	49 (54992 L 52190)	(526815)	
THREE N	DOTH ECH			_

	Oper	# ligh	Low
Mar.	91.04	91 63	90.95
Jan	92.04	92.06	91.92
Sep	92.82	92.83	92.77
Oric	93.17	93.17	93.14
	d volume 275 day's open to		195820

	paints at 186 Class	Histor.	Low	_
May	91 94	94.36	91.94	
Jun	95.63	95.67	95.61	
Ser	95.89	95.90	95.65	
Dex	96.00	96.00	95.96	

Prerious	gay, a chica in	L 52356 (52022
IBEE!	MACS KIRMS Chaire page	LIBA DIT. N 180%	RATE
Mar	Class 881,92	High 88.92	88.86
Ju	89.46	89.50	89.78

Sep	89.93	90.03	99.93	
Estimate Previous	day's open in	2 (2250) L 33380 (
FT-SE 1	O DEDEX			-
Mar	Close 2972_0	High 2935.0	2915.0	_
Jan	2753.5	27530	2733 0	

Mar Jan Sep Estimate	2972.0 2939.5 2953.5 d volume LS	29350 29530 527 (1579	2715 0 2703 0
* Contra	day's open in ets trades on	APT. Cos	
Dhuk	ID _ DOL	LAD	

FT PREFER EXCHANGE RATES

Credit Lyannels. 1-mth. 3-oth. 6-oth. 12-mth. 1-4308 1-4250 1-4183 1-4090

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Fiduciary Issue by Kredietbank S.A. Luxembourgeoise to fund a loan to be made by it to

ISVEIMER Istituto per lo Sviluppo Economico dell'Italia Meridionale

Italian Lire 150,000,000,000 Floating Rate Notes due 1997

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from March 16, 1993 to June 16, 1993 the Notes will carry an Interest Rate of 11.6875 % per annum.

The Interest Amount payable on the relevant Interest Payment Date, June 16, 1993 will be Italian lira 149,340 per Italian Fre 5,000,000 Note and Italian ire 2,986,806 per listan

We 100,000,000 Note.

The Agent Bank Kredietbank Luxembourg

MONEY MARKETS

Short sterling falls

THE MARCH short sterling fell. The June contract dropped futures contract dipped around five basis points yesterday, as dealers all but ahandoned hopes for a Budget interest rate cut today.

Weekend newspaper reports that tax increases in the Budget were likely to be modest, and stronger than expected manufacturing output figures yesterday, reduced already

waning expectations.

Some dealers thought that a fiscally tight hudget would be accompanied by another one point cut in interest rates. However, reports suggest the chancellor is set to increase the overall tax hurden by as little as £2bn.

UK clearing bank base lending rate 6 per cent from January 26, 1993

A 0.8 per cent rise in manufacturing output in January, compared with the previous month, added to the feeling that pressure on the government to ease monetary policy was liftlng. The month-on-month Increase compared with expectations for a 0.1 per cent rise and added to evidence that the economy is at a turning point

The March contract, which opened at 94.12 moved as low as 94.06 during the day and

closed at around 94.08. Contracts further out also

7 hasis points from the open to finish at 94.57 in late trading. On the money markets, short dated cash rates were squeezed higher hy a large forecast liquidity shortage which the Bank of England had difficulty relieving.

By mid-day the Bank had removed only £353m of a £1.4bn shortage and overnight rates crept as high as 13 per cent. The Bank made hetter progress in the afternoon, pnrchasing bills totalling £1.03bn and providing late

assistance of £20m.

Overnight rates drifted to just below 8 per cent, while the three-month interhank rate ended unchanged on the day at

around 5½ per cent.
In continental European futures trading, dealers reported that agreement on the Solidarity Pact in Germany had improved the underlying tone of the market even if some doubts about a Bundesbank easing on

Thursday still existed. "There are still sufficient underlying tensions in the European exchange rate mechanism to prompt a sell off in the continental markets if the Bundesbank decides not to do anything," warned one. The market has priced in a half-point cut in the discount rate. A full one point cut would prompt a significant rally.

FT LONDON INTERBANK FIXING (11.00 a.m. Mar.15) 3 roombs US dollars 6 months US Dollars offer 3% The flating rates are the arithmetic means rounded to the search one-shriventh, of the hot and offered rates by \$10m exorted in the starfact by five reference barries at 11.00 a.m. such working day. The barries are Marional Westpointies Bank, Bank of Toling, Described Bank of Toling, Described Bank, Bank of Toling, Described Bank of MONEY RATES

NEW YORK			Treasur	Bills and	Bonds	
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Zurich	54.55	5.5%		11-11-1		610
Anderson	S.00-8.15	7.70-7.85	-	7357.45	-	
Takyo	33.34	34-34	-		-	
Addition	86-81	11-11		01-114	-	, i
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Mar 15	Overalght	7 days notice	One Month	Three Months	Months .	One Year
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Treasury Bills (sell); one-month 5% per cent; three months 5% per cent; six months 5% per cent; Bank Sills (sell): one-month 51% per cent; three months 5% per cent; Treasury Bills; Average tender rate of discount 5.3657. ECGO Fixed Rate Sterling Export Fixasar. Make up day February 25, 1993. Agreed rates for period daren 24, 1993 to April 25, 1993. Scheme 1, 7.35 co. Reference rate for period Janary 30, 1993 to February 25, 1993. Scheme 1, 7.85 p.c. Local Rathbority and Financer Houses serve days notice, others seemed days fixed. Finance Houses Base Rate 7 from March 1, 1993. Certificates of 7sts Deposit Certificates 60. Deposit Elion, 000 and order held under one month 24 per cent, one-three months 5% per cent, three-six months 5 per cent, six-nine months 4% per cent, and-twice months 4% per cent, Linder £100,000 2% per cent from Jan.27, 1993, Deposits withdrawn for cesh 14 per cent.

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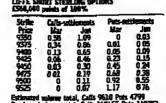
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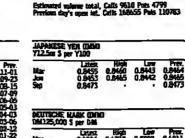


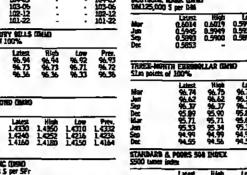
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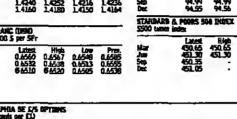
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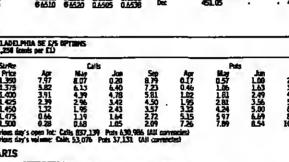
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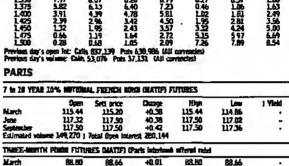


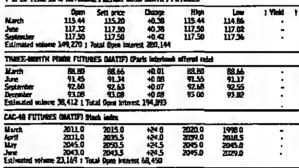


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ACROSS

1 Author known for his works in the tropics (5,6)

7 Appropriate piece of luggage

9 See 23 across
10 Though a pound short, victualler may be making a profit
(9)
11 Cooked best o' fare? (5,4)
12 Cooked best o' fare? (5,4)
13 Cooked best o' fare? (5,4)
14 Unusual quotes in a book of algebra? (9)
15 Study to invite scorn (8)

12 Cooked best of rare? (5,4)
12 One agreement about another for couples (5).
13 Catty female (7)
15 Cheat on the board (4)
18 Warships advance south (4)
20 Company Included in new more wathack (7)

16 Study to invite scorn (8)
17 Any hitch may be attributed to this builb going out (8)
18 Female African who keeps the law (7)
20 It's obvious I'd enter the contest (7)

money cutback (7)
23 and 9 One is involved in
Asian cult movement in the
Caribbean (5.5) 24 it's puzzling how gln and it came to be ordered (9) 26 Revised share out I sanction

(9) 27 Wicked impulse that makes men do havoc (5) 28 Heart to heart listener (3) 29 Marriage for security cannot be struck just anywhere (6,5)

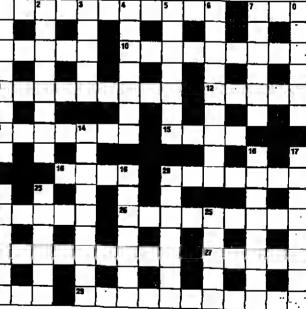
DOWN 1 There's a lot of laughter when a girl swallows it (8)
2 It means the arrested man can go free - absolutely free

(2,6)
3 It raises the dough (5)
4 Complaint I will put before the head (7)

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No.8,102 Set by DANTE



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7 Reliable persons shouldn't be dropped (5) 8 Oil found near Albania, ws

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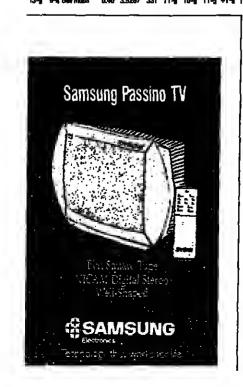
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its highs after firm opening

Wall Street

US stocks traded in a narrow range yesterday, holding on to modest gains in splte of another fall in bond prices, writes Patrick Harverson in

At 1 pm, the Dow Jones Industrial Average was 3.51 higher at 3,431.33. The more broadly based Standard & Poor's 500 was up 0.23 at 450.06, while the Amex composite was 0.54 higher at 421.63, and the Nasdaq composite up 1.48 at 694.26. Trading volume on the NYSE was 115m shares

by 1 pm.
in the wake of Friday's precipitous decline, the markets proved their resilience yesterday by opening firmer, with prices showing solid gains across the board in the first 30 minutes of trading.

Yet, the gains proved primarily a knee-jerk reaction to the previous session's losses. In the absence of fresh economic news, the markets struggled to find a direction, allowing prices to slip back from their highs. Sentiment was undermined, also, by a sudden downturn mid-morning in the bond market, where inflation-sensitive investors took fright at a sudden rise in commodities.

Equities, however, were supported by continued strong inflows of cash as investors showed few signs of turning away from stocks, which they view as offering the best poten-tial returns in the low-interest

rate environment. Nike jumped \$3% to \$75% after the sports shoe and apparel maker reported fiscal third quarter net income of \$89.5m, up from \$82.5m and a record for the company. Although the profits were slightly below market expectations, investors were impressed by reports that Nike's orders for the next few months were up 21 per cent on the comparable period a year ago.

market interest rates. Bank-America fell \$1 to \$52%, Citi-corp eased \$% to \$28%, Chemical slipped \$% to \$42% and Chase Manhattan dropped \$% to \$341/4, in spite of a ratings

upgrade from Merrill Lynch. Vehicle stocks were lifted by news of strong car and truck sales for the first 10 days of March: General Motors rose \$% to \$39, Ford added \$% at \$48% and Chrysler firmed \$% to \$39. Brokerage stocks were higher because of the heavy demand for their services from individual investors, which is boosting commission revenues and asset management profits, Merrill Lynch climbed \$11/4 to \$73%, Charles Schwab added \$1/4 at \$36, and PalneWebber put on \$1/4 at \$26.

Storage Technology, which jumped sharply on Friday, rose another \$% to \$2714 on hopes that testing of the company's iceberg data storage system is progressing well.

TORONTO eased on light bouts of profit-taking following gains last week. The metals group was among the exchange's bigger losers, led by Inco which aased C\$% to C\$28% in light activity.

The TSE-300 Index fell 4.06 to 3,544.00 in volume of 21.5m shares valued et C\$156m, declines leading advances by 230 to 219 with 269 unchanged. Eight of the TSE's 14 indices were lower at midday. Golds, buoyed hy strength in bullion along with the pipelines and transportation groups.

SOUTH AFRICA

JOHANNESBURG saw industrials recover from early lows to end with a 13 point gain at 4,482 as the overall index added 9 at 3,459. The golds index finished at a high for the year, up 15 at 1,053. Anglos

ASIA PACIFIC

Dow slips from Pacific Basin in ferment as Nikkei rises again

Tokyo

SHARE prices fluctueted on technical activity, but the Nikkei average finally registered Its seventh consecutive gain, writes Emiko Terazono in

The Nikkei ended 48.66 higher et 18,086.18. It fell to the day's low of 17,957,16 in the morning and rose to the session's high of 18,169.16 in the afternoon, before fluctuating on arbitrage trading. Volume fell to 350m shares

from Friday's 771m. Advances led declines by 680 to 347, with 136 issues unchanged. The Topix index of all first section stocks put on 2.66 et 1.353.60 and, in London, the ISE/Nikkei 50 index firmed 1.15 to 1,081.14. Activity was led by individual speculators and dealers, while most institutional investors remained on the sidelines. Traders said some US pension funds were looking to increase their weightings in Japanese shares, but thet European

exchange profits on their holdings, were reducing their allo-

Mr Jason James, a strategist at James Capel, said share prices could ease during the second quarter of this year, and that there was little need for hasty buy decisions. "The market will correct after the fiscal year-end, with 16,000 at the lowest end of the range,"

he added. Short term trading centred around companies related to Nippon Telegraph and Tele-phone, and the Jepan Rail Group. NTT took a breather, retreating Y7,000 to Y803,000 on profit-taking. iwatsu Electric, which has close business ties with NTT, was the day's most active lasue, forging ahead Y43 to Y538.

Nippon Express appreciated Y6 to Y825. The company is considered a JR-related stock, due to its land holdings around JR railway stations. Nabco, a Kobe Steel affiliate which makes automobile and railway

brakes, climbed Y80 to Y570 on a report that it had developed a new air-brake system with JR researchers.

High-technology shares were lower on profit-taking by individual investors. Hitachi dipped Y4 to Y753, Toshiba Y12 to Y606 and NEC Y12 to Y767.

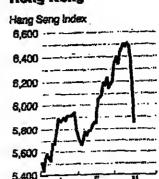
Kyowa Hakko Kogyo surged by its daily limit of Y101 to Y1,100 on reports of its devel-opment of an anti-cancer

In Osaka, the OSE everage was up 156.35 to 19,076.15 in volume of 45m shares. The index rose above the 19,000 mark for the first time since December 25 last year.

Roundup

EVENTS OF the weekend, and last week, had a powerful impact in the region. HONG KONG dropped a further 5.1 per cent on China's angry reaction to Governor Chris Patten's decision to proceed with democratic reform. The Hang Seng index finished

Hong Kong



at 5.854.61, down 315.79 but up from a day's low of 5,792.18. However, London over-thecounter trading was more posi-tive, indicating an improve-ment in the index of about 100

Turnover stayed high, totalling HK\$5.23bn, although down from Friday's HK\$5.32bn. HSBC finished HK\$1.50 down at HK\$64.50. After the market closed, the group reported a 68 per cent jump in 1992 net profits, but shares in its Hang Seng Bank unit lost HK\$3.50 to HK\$62.50. HSBC closed later in London HK\$1.80

better at HK\$66.30. AUSTRALIA subeided on Labor's election win and falls on overseas markets, the All Ordinaries index ending 35.1 off at 1,626.4 after a day's low of 1,614.0. Labor's promise of a reduction in company tax and Indications that It will cut interest rates helped to mollify

Bank shares were sold as hopes of mergers were dashed by the coalition's election loss. ANZ fell 32 cents to A\$3.26. Westpac 11 cents to A\$3.09 and NAB 8 cents to A\$8.47.

Among retailers, Coles dropped 15 cents to A\$4.55 and Foodland receded 15 cents to A\$6.75. Investors had hoped that a coalition government would benefit retailers by scrapping payroll tax and exempting food from its goods and services tax.

NEW ZEALAND shed 1.4 per

which reports 1992 earnings

today, stood 80 cents higher at

Fl 89.80. Analysts expect the

group to see an improvement

In last year's results of

Fokker put on 20 cents to

tween 15 and 20 per cent.

1992 earnings, which had been due on Thursday, until April 2

pending confirmation that the

takeover by Deutsche Aero-

ZURICH took its recovery

mainly in chemicals and Nestlé

as the SMI index rose 28.1 to 2,157.0. Roche gained SFr80 to

SFr4,090 on enticipetion that

the company will simplify its

share structure and will post

good 1992 results, and Nestlé

rose SFr30 to SFr1,160.

space was to proceed.

cent on Labor's surprise win in Australia, the NZSE-40 index closing at 1,567.04, down 21.58. SINGAPORE's Straits Times Industrial index, hurt by Hong Kong and poorer than expected results posted by Singapore's key DBS Bank, slipped 22.07 to 1,630.81. MANILA lost 1.5 per cent in reaction to a PLDT slide on Wall Street, the composite index ending 23.03 lower at 1,471.65. PLDT fell \$1 % to

\$35% in New York on Friday. SROUL rose for the third straight session, the composite index closing 10.89 higher at 645.73 on renewed hopes that the government may set aside an announcement which would phase out widespread claudestine trading. TAIWAN put on 2.1 per cent in thin trading, the weighted index ending 93.16

better at 4,507.00. **BOMBAY** resumed trading for one hour after last Friday's bomb blast caused extensive damage to the stock exchange building. The BSE index finished at 2,416.28, a rise of 86.19 from Thursday's close.

Agreement on 'solidarity pact' lifts senior bourses

afternoon on storm signals in Russia and the New York equity market, bourses mostly recovered yasterday, writes Our Markets Staff.

Sentiment, especially in Germany, France and Switzerland. was lifted by the weekend con-clusion of the German "solidarity pact", involving agreed political, corporate and trade union initiatives in the financ-

ing of German unification. FRANKFURT looked unde-cided, the DAX index ending 4.57 lower at 1,702.57. But this obscured the recovery from the tumble share prices had taken on Friday afternoon.

Mr Hans Peter Wodnick, of James Capel in Frankfurt, said that on the Ibis screen system, share prices yesterday afternoon were running 14 per cent of Friday evening's with Deutsche Bank DM11 higher at DM723 egainst an official close of DM720.80, down 20 pfg. Turnover fell from DM6.8bn to DM6.2bn. Exceptions to the

which closed DM7.30 lower at DM285.50, and DM4.80 down at DM249 respectively.

Over the weekend, VW lost a senior management orospect as General Motors's J. Ignacio Lopez de Arriortua announced he would stay with GM. VW subsided further to DM283.60 in the aftermarket on industry indications that the carmaker's dividend would be cut from DM11 to DM2 for 1992, rather than the expected DM4 or DM5. Hoechst hit more trouble when its Frankfurt plant suffered an explosion early yester-

day, the chemical group's fourth accident in Germany in the last month. MILAN reacted fairly caimly to news that Iri, the state holding group, was to take a L340bn loan from its telecommunications subsidiary Stet in exchange for granting it the dividend rights for three years in another of its subsidiaries, Banco Commerciale. The Comit index, on the last day of

FT-SE Actuaries Share Indices THE EUROPEAN SERVES Open 19.30 11.00 12.00 13.00 14.00 15.00 Class Hourty changes 1155.56 1156.60 1155.44 (154.42 1152.85 1152.38 1153.70 1153.62 1221.87 1222.49 (222.60 1220.84 1219.72 1219.61 1219.70 1219.52 Mar 12 Mar 11 War 10 Har 9 FT-SE Eurotrack 169 FT-SE Eurotrack 260 Base value 1000 (26/10/90) Regramy 100 - 1156 St. LET - 1223 24 Lawring 100 - 1151 96 200 - 1217 87

Stet down L13 at 12,174 and Commerciale off L170 at L4,830. some analysts commented that the news placed doubts on the success of the government's privetisation programme: with Stet holding some 52 per cent of Commerciale's equity it was now problematic how the latter's planned privatisation could proceed.

Olivetti was the day's other story, although the shares were suspended at L2,202 pending its surprise announcement of a L900bn rights issue. Mr John Stewart of Pastorino com-

mented that the group, in effect, was seeking the new funds to rebuild its net assets after sustaining losses of over Li,100bn during the last two

PARIS strengthened on bopes of easier European interest rates and the CAC-40 index closed 20.60 firmer at 1,986.03. However, turnover was rela-

tively thin at FFr2.3bn. interest rate-sensitive stocks were the day's main gainers in the absence of fresh corporate news, Euro Disney advanced FFr2.40 to FFr89.35, also helped by the warm weather which

has recently boosted atten-

est rate hopes, although CS FFr6.20 to FFr422.20 and Suez was up FFr6.20 at FFr320.90. of SFr40 to SFr2,270. Insurers were weak on fears that storms AMSTERDAM recovered in the US would lead to high claims, Swiss Re losing SFr60 from Friday's losses with a gain in the CBS Tendency to SFr3.120 and Winterthur index of 1.3 to 105.5. Wolters Kluwer, the publishing group,

SFr40 to SFr3,320. STOCKHOLM remained subdued as investors awaited tomorrow's vote of confidence in the government. The Affärs-världen general index fell 11.4 to 1,001.1 in turnover of SKr533m, down from Friday's SKr635m. Procordia, the food Fl 11.20 and announced that it was delaying publication of its and pharmaceuticals group, went against the trend, rising SKr2 to SKr190, still helped by last week's publication of good

1992 earnings,
HELSINKI was pulled lower
by financial difficulties facing construction company Polar and the Hex index fell 28.2 to 963.1. Repola, which has a 12.9 per cent stake in Polar, lost FM4.30 to FM56.70. OSLO, however, strengthened with a gain in the All Share index of 8.02 to 442.61, for a rise of some 10 per cent since March 4,

Political backcloth to global equity shifts

	74 6	change la foc	al Carrency		% change sturling ?	% change In US \$
	1 West	4 Weeks	1 Year	Start of 1901	Start of 1993	5 mm1 of 1992
Austria	-1,43	+ 4.88	-14.23	+7.89	+ 10.36	+4.5
Belgium	+ 2.26	+4.02	+ 4.56	+11.85	+ 14.64	+8.5
Denmark	-1.08	-1.43	-17.27	+9.26	+ 12.92	+8.9
Finlend	-1.69	+8.63	+ 21.35	+22.13	+10.93	+5.0
France	-1.11	+3.49	+ 1.94	+7.53	+ 10.77	+4.9
Germany	+ 1.51	+3.42	-3.74	+ 11.96	+ 14.95	+8.8
ireland	+2.15	+3.56	-2.12	+15.46	+9.62	+3.8
Italy	-4.31	+5.23	+8.23	+18.73	+ 14.87	+8.8
Netherlands	-0.01	+4.09	+ 8.67	+9.85	+ 12.78	+8.8
Norway	+5.87	+3.90	-2.64	+ 10.13	+13.62	+7.8
Spain	-0.88	-0.81	-7.07	+11.64	+13.51	+7.5
Sweden	-2.08	+2.30	+15.78	+6.84	+2.32	-3.0
Switzerland	-0.21	+ 0.13	+ 17.81	+9.42	+5.10	-0.4
UK	-0.26	+ 2.56	+ 17.81	+3.18	+ 9.19	-2.2
EUROPE	-0.31	+2.78	+8.70	+ 6.94	+7.91	+2.2
Australia	+3.15	+4.12	+2.47	+7.43	+ 18.47	+ 10.3
Hong Kong	-5.50	+5.81	+17.97	+11.65	+17.97	+11.7
Japan	+8.78	+ 4.98	-6.23	+3.43	+ 15.78	+9.5
Meiaysia	-0.46	+ 1.72	+ 18.71	+ 5.89	+ 12.29	+6.3
New Zealand	+ 1.75	+ 1.13	+5.95	+4.92	+ 13.69	+7.6
Singapore	-2.44	-0.08	+2.72	+ 2.18	+7.37	+1.7
Canada ,	+0.72	+ 2.62	-1.36	+ 4.55	+ 12.87	+6.9
USA	+ 0.90	+ 1.17	+ 11.36	+ 5.19	+8.94	+3.1
Mexico	+3.27	-0.70	-6.14	-5.13	-G.86	-6.1
South Africa	+ 2.43	-0.42	-6.39	+ 8.62	+18.68	+ 12.4
WORLD INDEX	+ 2.01	+2.64	+ 5.01	+4.38	+ 10.75	+49

By	John	Pit	t		
T	olitics for la	pro	vided	the	SE
J.	some	of	the	Mot.	ld'
equi	ty mari	cets.			

While Hong Kong fell sharply after Mr Chris Patten the colony's governor, enraged the Chinese on Friday by saying that he was to press ahead with democratic reform proposals, Australia rose, anticipating a change of government. Japan provided support for the 2 per cent gain in the FT-Actuaries world index, as the Nikkei average closed the week at a six-month high.

The slide in Hong Kong continned yesterday, with the Hang Seng index having jost some 8 per cent over the two days. However, many analysts believe that the worst is now over and anticipate short term support at the 5,800 level. Most of the selling has come from domestic investors, with foreign institutions remaining on the sidelines, they comment; and the excellent results from HSBC have refocused attention on the underlying

strength of corporate earnings. Regarding Mr Patten's efforts to seize the political initiative with his proposals to extend democracy, Mr David Bates of Asla Equity comments that there are doobts whether they will even win the support of the Legislative Council. As yet a date has not been set for debate but, says Mr Bates, there are indications that the LegCo is evenly

Australia railied as investors anticipated defeat for Mr Paul Keating and his Lahor government; but Labor, beving clinched victory, the equity market yesterday lost 2 per cent.

Mr Peter Wade of brokers J.B Were in London com-mented that expectations that the Liberal/National party would seek further rationalisation of the banking sector and privatise other public aector companies had driven the market higher in the pre-election weeks. Nevertheless, with the likelihood of cuts in interest rates and corporate tax the downside in the market would probably be limited.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Inatitute of Actuarles and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MARCH 12 1993						THURSDAY MARCH 11 1993					DOLLAR INDEX				
Figures in parentheses show number of lines of stock	US Oatler Index	Day's Change %	Pound Starting Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1982/93 High	1692/93 Low	Year age (approx)
Australia (68	138.02	- 0.1	142.70	102.73	119.51	129,98	+0.0	S.78	138,22	142.06	102.71	119,33	129.95	153.68	108.18	142.68
Austria (18)	146.50	-0.2	151,47	109.05	126.86	128.65	-0.3	1.77	146.80	151.51	109.09	126.74	127.08	185.70	131.18	171.74
Belgium (42)	144.65	-0.4	149.66	107.08	125.25	122.18	-0.4	4.85	145.17	149,83	107.88	125.33	122.52	152.27	137.19	138.83
Canada (115)	123,62	- 0.1	127.81	92.01	107.03	111,31	-0.2	9.01	123.71	127.68	31.92	108.79	111.49	142.12	111.36	129.87
Oenmark (33)		- 1.4	206,81	148.17	172.37	173,55	- o.e	1.32	201.92	208,39	150.04	174.51	175.07	273.94	181.70	237.58
Finland (23	73.14	0.8	75.62	64.44	63.33	93.32	-0.4	1.36	73.76	76.12	54.81	63,68	93.73	89.80	52.84	79.80
France (96)	184.41	- 1.5	159.84	114.92	133.69	137.15	-1.1	S.18	156.78	161.78	118.48	135.51	138.89	168.75	136.93	151.96
Germany (62)	113.27	-0.9	117.11	84.32	98.08	98.08	-0.8	2.23	114.29	117.98	84.94	98.66	96.66	129.69	101.59	117.86
Hong Kong (55)	247.56	-3. 1	255.95	184.26	214,37	245,88	-3.1	3.74	255.53	283,73	189.67	220.61	253.73	262.28	178.35	210.68
ireland (16)	140.98	-2.4	145.75	104.93	122.07	136.10	-21	3.85	144.46	149.10	107.34	124.71	139.09	173.71	122,98	158.33
italy (73)	59,70	- 1.3	61.72	44.43	51.69	71.69	- 1.0	2.81	60.47	62.41	44.93	52.20	72.44	80.88	47.47	70.97
Japan (472)		+ 0.2	119.08	85.73	99.74	85,73	+0.4	98.0	114.93	118.62	65.40	99.23	85.40	140.95	67.27	107.77
Malaysia (69)		-0.1	287,51	206.98	240.79	278.89	-0.2	2.87	278.38	287.31	206.84	240.32	279,48	282.42	212.49	242.11
Mexico (18)		+ 0.0	1599.82	1151.75	1339.67	5276.84	+0.1	1.14	1547.88	1597.54	1150.15	1336.27	5273,42	1789.77	1185.84	1044.33
Netherland (24)	181.73	- 1.5	187.21	120.38	140.04	138.07	- 1.4	4,10	184.44	169,71	122.18	141.98	140.05	169.70	147.88	148.40
New Zealand (13),	46,18	+0.4	47.75	34.38	39.99	48.48	+0,4	4.70	46.00	47.48	34.18	39.72	48,31	48.52	37.39	45.02
Norway (22)	148.19	-0.3	153.21	110.30	128.32	142.40	-0.1	1.85	148.57	153.34	110.40	128.27	142,57	192,95	128.05	164.78
Singapore (38)		- 1.3	224.33	181.50	187.87	154.78	- 1.3	2.01	219.79	228.84	153.32	189.74	186,92	229.53	179.85	207.82
South Atrica (60)	166.47	-0.2	172.11	123.90	144.14	187.55	+0.4	3.00	188.85	172.20	123.97	144.03	165,84	263.60	134,21	208.13
Spain (48)	125,37	- 1.8	129,62	93.32	108.56	112.98	-1.2	5,34	127.41	181.50	94.67	109.99	114.38	181.72	107.10	152.62
Swedan (38)	160,44	- 1.5	165,86	119,42	138.93	185.20	- 1.3	1.87	162.91	168,14	121.08	140.65	187.63	200.28	149.69	161.60
Switzerland (56)	112.49	- 1.8	116.30	83.73	97.42	106.16	- 1.6	2.04	114.30	117.97	84.94	98.89	107.98	122.37	95.99	96.20
United Kingdom (226)	188.46	- 1.4	174, 17	125,38	745.86	174.17	- 1.2	4,22	170.81	178,30	125.91	147.45	178.30	200.07	161.88	189.53
USA (522)		- 0.8	190.00	138.79	159.14	183.78	-0.8	2,76	185.28	191.20	137.68	159.94	185,26	186.27	160.92	185.82
Europe (775)	139.01	- f.3	143,72	103,47	120.37	133.51	-1.7	3,47	140.88	145.40	104.68	121.63	135.01	156.68	131.31	140.60
Nordic (114)	149.18	- 1,3	154.21	111.02	129.16	151.02	-1.0	1,69	151.20	158.05	112.35	130.53	152,80	188.52	141,24	172.90
Pacific Basin (715)	120.28	+0.0	124.35	89.53	104,15	81,98	+0.2	1.31	120.28	124,14	89.38	103,84	81,84	145.97	85.70	112.37
Euro - Pacific (1490)	127,82	-0.8	132,15	95.13	110.68	108.53	-0.4	2,28	128.59	132,72	95,54	111.00	108.98	145.21	113.80	123.99
North America (635)		-0.6	186.14	134.02	155.92	178.88	-0.8	2.77	181.44	187.26	134.83	156.66	180.26	182.38	158.70	163,54
Europa Ex. UK (549)	120,64	- 1.3	124.72	89.81	104.48	110.86	- 1.0	2.98	122.22	126.14	90.84	105.54	112.03	132,98	111.33	122.90
	170.39	-1.4	176.18	126.84	147.55	156.22	-13	3.45	172.79	178.34	126.41	149.19	158.34	175.31	148.06	157.81
Pacific Ex. Japan (243)		-0.6	133.33	95.99	111.57	110.55	-0.4	2.29	129.70	133.88	98.38	111.97	110.98	145.97	115.99	126.09
World Ex. US (1681)	126.96		149.23	107,44	124.99	129.01	-0.5	2.30	145.19	149.85	107.89	125.35	129.65	150.58	127.21	135,58
World Ex. UK (1877)	144.34	-0.6			128.80	132.68	-0.8	2.48	147.41	152.14	109.54	27.27	133,42	153.05	130.04	138.12
World Ex. So. Af. (2143)	146.42	-0.7	161.38	109.00			-0.6	3.03	166.03	171.36						
World Ex. Japan (1731)	164.41	- 1.0	169.98	122.38	142.38	160.52					123,38	143,38	161.98	166.44	151.93	156,06
The World Index (2203)	146,45	-0.7	151.41	109,01	126.82	133,00	-0.6	2,48	147.43	182.18	109,55	127.23	133.75	155.70	130.66	138,54
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